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EDITORIAL

As We See It

We may or may not have seen the worst of the current recession. Among those best qualified to have an opinion on the subject the concensus seems to be that we have, but no qualified observer appears willing to predict that we shall in the near future regain any very important fraction of the ground lost during the past year. We are still in a recession with relatively high unemployment—and that at the end of a year of downward movement. Yet prices are still rising, and so far as can be determined, so is the general level of wages. It was some time ago that ex-President Truman sweetly charged that the Republican Administration had succeeded in producing both a recession and inflation at one and the same time—quite a trick, it was he said.

What political party or what political clique is responsible we leave to others to say, but it does appear that we have on our hands at the present time a recession—still hardly more than mild—and a persistent inflationary trend. We suspect that were it necessary to fix political blame for it, one would be obliged to go back to the beginning of the New Deal, and possibly somewhat before even that date. Thanks to various circumstances, and particularly to Franklin Roosevelt, we as a people appear to have become firmly wed to a concept of economics and social philosophy which asserts that government can and must prevent depressions and unemployment. The procedures we insist upon using are the very programs which have all through the years, and even the centuries preceding World War II been regarded — and justly so — as being precisely those which are best calculated to produce long

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Mid-Year Business Outlook

By DR. MURRAY G. LEE*

Secretary of the Economic Policy Commission
American Bankers Association, New York City

Bankers Assn's economist perceives possible modest improvement in the economy during the coming fall months but doubts—ignoring the international situation—we will bounce back to boom levels as rapidly as in 1949 and 1954. Pondering how much further "we can travel along . . . [the] road of rising debt, profit squeeze, and price inflation," Dr. Lee envisages "a very hard day of reckoning ahead" if inflation and cost-price-income distortion continue in the next cyclical upswing. Adds further fear that government spending impact will be felt when private spending resumes and sees fiscal deficit posing serious problems.

The recession has now run about 12 months. Technically, it started last July, although the Fed's industrial production index hit its peak (146) in December, 1956 and signs of a downturn were evident well before last summer. Of the nineteen recessions we have had since 1885, ten had a duration of 14 months or less, according to the National Bureau of Economic Research. The two recessions that we have experienced since World War II—those of 1948-49 and 1953-54—lasted 11 and 13 months, respectively.

Dr. Murray G. Lee

The recession has been somewhat more severe than its two postwar predecessors. Also, it has been different in character. The 1948 and 1953 recessions were primarily "inventory" recessions — they resulted from a switch by business from inventory build-up to inventory run-off. Other aspects of business activity were little affected. In this latest recession, on the other hand, we have had a general decline in several key sectors of the economy. Not only has there been very heavy inventory liquidation, but we have also

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*An address by Dr. Lee before the West Virginia Bankers Association, White Sulphur Springs, W. Va., July 26, 1958.

Quarterly Investment Company Survey

Funds Still Cautious Midst Rising Market

By A. WILFRED MAY

Analysis of investment companies' portfolio operations during second quarter reveals purchases of defensive issues keeping pace with common stock acquisitions. As a result, portfolio proportion in cash items and defensive senior securities was maintained intact, at approximately 20%. International oils still bought during the "pre-Iraq" period. Special current survey reveals ambivalent attitude, including moderate confidence, toward them midst the latest Middle East crisis. Industry groups favored were aircrafts, airlines, insurance, rails, oils, retail, steels, tobaccos, utilities and coal. Divergent attitudes shown toward aluminums, building, chemicals, drugs, container and glass, electricals, machinery, natural gas, office equipments, papers, and tires. Interest in banks and finance companies lessened. AT&T top favorite.

[Tables appearing on pages 21 and 22 show Funds' comparative investment positions; total common stock and other securities transactions; and individual common stock transactions by industry groups.]

During the second quarter of the year, when the market, as measured by the Dow-Jones Industrial Average, registered a net advance of 7%, investment companies maintained their defensive policies pursued in the immediately preceding quarters. While managements stepped up their purchases of common stocks from the previous quarter, they accelerated even more their acquisitions of bonds and preferreds. The companies under our review bought 24½% more common stocks than they sold, whereas in the March quarter, this purchase balance was 22.2%. At the same time, however, purchases exceeded sales of investment grade bonds and preferreds by 90.7%, compared with only 65.2% for the first quarter. As a result, the net balance of new investments was about evenly divided between commons and defensives—and, in fact, tilted slightly toward the

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(The articles contained in this forum are not intended to be, nor are they to be regarded, as an offer to sell the securities discussed.)

TOM B. BOSTON
President, Boston Securities Co., Dallas, Texas

Rio De Oro Uranium Mines, Inc.

Ambrosio Lake area near Grants, New Mexico, is considered by the Atomic Energy Commission to contain over 50% of the United States uranium reserves.

Tom B. Boston

Rio De Oro's Dysart No. 1 mine is the largest underground uranium mine in the Ambrosio Lake area and in America. Daily ore production is in excess of 800 tons per day, averaging about 16,000 tons per month, operating on a 5-day week. Profits from this mine alone, without considering Rio's portion of the milling profits, are estimated to be about $160,000 net per month. Production from Rio's Dysart No. 1 can (and will) be increased considerably when additional mill capacity is available. Rio holds mining rights and leases on approximately 7,000 acres in the Ambrosio area and is currently sinking its second mining shaft in Sec. 26 on which large, high-grade ore reserves have been proven by core drilling.

Homestake-New Mexico Partners mill was officially dedicated and opened on April 26, 1958. Homestake Mining Company owns a 25% fixed interest in this 800-ton per day mill for furnishing the necessary financing for construction. Mr. Clyde Osborn, the designer and manager of the mill, owns a 3% fixed interest. The ownership of the remaining 62% is determined on the ratio of ore shipped to the mill. To date, Rio has supplied approximately 99% of the ore for the mill and will, therefore, be credited with about 60% of the mill profits.

It is apparent that Rio's mining production will far exceed the yearly capacity of this mill and it will either have to be expanded, or Rio will have to sell a large portion of its ore to other mills being constructed in the area.

Rio's ore reserves in the Dysart No. 1 and in Sec. 26 are believed to be in excess of 3,000,000 tons. A projection of earnings for Rio's first full year of operations based on present production and immediate planning would range from $3,000,000 to $5,000,000 net, or between 25¢ to 40¢ per share on Rio's 11,325,000 outstanding shares.

The following paragraph from the March-April issue of "Uranium Magazine's" article on "Ambrosio Lake's First Mill" best describes the efficiency of Rio's Dysart mine.

"Ore from Rio's Mine"

"Thanks to umpteen thousands of tons of good dry ore from the Section 11 (Stella Dysart) mine of Rio De Oro Uranium Mines, Inc., the new mill won't suffer for lack of charging stock. To date it has produced 140,000 tons of ore and its current rate is above 15,000 tons per month.

"This mine is the envy of other operators in the area because it is dry, its ore is continuous and it lays flat. Situated at the northern end of the field it is above the water table, as is the adjoining Section 10 mine of Kermac Nuclear Fuels Co., also a Stella Dysart state lease.

"Mining costs in the Rio mine are remarkably low, so all in all the operation cheers the area's operators, many of whom are having more than the expected difficulties in coping with 'mining in the soup.'

"It will surprise no one if a couple of the larger mills soon to be completed draw on Rio's stockpiles to help them get mill operations under way, while their own mining ventures move ahead gradually toward large-scale production in spite of difficulties, mostly too much water."

The Atlas Corporation headed by Floyd Odlum owns controlling interest in Rio De Oro through its subsidiary Hidden Splendor Mining Company.

The management of Rio is in the very capable hands of attorney Rodney De Villier, its President; Ray Shultz, Mining Superintendent; Clyde Osborn, General Manager of the mill; G. R. Kennedy, Geologist; F. A. Fuller, Treasurer; R. F. Deacon Arledge, Secretary; A. G. Willis, Vice-President.

I recommend the purchase of Rio De Oro Uranium Mines, Inc. common stock on a speculative basis to those desiring a growth stock in the atomic energy field.

GEORGE V. HONEYCUTT
Harris, Upham & Co., Los Angeles, Calif.
Members: New York Stock Exchange

Twentieth Century-Fox Film Corp.

The future of Twentieth Century-Fox Film Corp. should be as dramatic as some of their film releases. It is rich in talent and experience in a highly competitive field, as well as in oil and real estate. One big reason for their excellent progress is the leading man, President Spyros P. Skouras, who heads an outstanding cast (Board of Directors). Many problems have challenged the film industry during recent years, and in my opinion, Twentieth Century-Fox has met the challenge. For these reasons, I have selected this "20th-Century" company for the Chronicle's "Security I Like Best" forum at this time.

George V. Honeycutt

As the politicians say, "let's look at the record":

Year	Earnings Per Share
1952	$0.79
1953	1.65
1954	3.04
1955	2.28
1956	2.34
1957	2.49

As to current earnings—at the annual meeting on May 20, 1958 Mr. Skouras predicted the company's half-year earnings would be approximately $5,000,000, equal to $2.20 per share, as compared with $4,070,000 or $1.54 per share for the same period a year ago. This prediction is based on the excellent showing of the company's products now in release.

In 1957 Twentieth Century-Fox's income came from the following:

Film rentals, incl. TV	
Domestic	$64,549,607
Foreign	52,987,463
	$117,537,070
Dividends and other operating income	10,125,157
Total	$127,662,227

As almost $53,000,000 of Twentieth Century's income in 1957 came from foreign film rentals, let's see what that consists of—The company's interests in foreign exhibition include 180 theaters in Australia, 50 in New Zealand and 30 in other countries. It owns a 49% interest in a company which has about 55% voting control and 40% ownership of the Gaumont-British Corp. Ltd. which operates about 230 theaters in Great Britain. In 1956, African Theaters Ltd. was acquired, which included over 140 theaters in South Africa. Dividends from foreign holdings in 1957 were $840,882 out of total actual earnings of $1,382,000.

Twentieth Century is constantly expanding its interests in the field of television, and revenues from old films leased for television as well as TV programs are becoming highly important. For these purposes, the company has a wholly-owned subsidiary, T.C.F. Television Productions, Inc. which makes TV films; and also owns 50% of the N.T.A. Film Network, Inc. (the other 50% is owned by National Telefilm Associates). The company has recently concluded a deal with National Telefilm Associates, Inc. for re-runs of the "Twentieth Century - Fox Hour." Currently they are producing—in association with National Television Association—two series of 39 episodes each, "How to Marry a Millionaire" and "Man Without a Gun." They hope to expand this to 8 or 10 programs in the future.

In March, 1957, Twentieth Century-Fox entered the phonograph record field by forming a corporation known as The 20th Fox Record Corp., to be devoted to the making and marketing of recorded music. The program for this corporation includes recordings in all fields of music on their own label, and will, of course, exploit their own films and sound-tracks. A world-wide interest has been shown in this new undertaking which should prove to be a profitable source of income.

Oil production will soon become a greater source of income for the corporation. Since the inception of production late in 1955 to Feb. 28, 1958—$6,451,622 of oil and natural gas have been produced and sold, and the royalties paid to Twentieth Century-Fox amounted to $730,634. All drilling and production costs on the Studio property have been, and will continue to be, advanced by Universal Consolidated Oil Co. Upon full recovery of these costs, Twentieth Century-Fox's share of the proceeds from the sale of oil and gas will increase from the basic royalty of 11.32% to an amount equivalent to *51.32% of total gross revenues* less half of the operating costs which, on the basis of actual production and sales in 1957, would be approximately $1,263,890 per

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Trouble in the Government Securities Market

By ROY L. REIERSON
Vice-President and Economist
Bankers Trust Company, New York City

Bankers Trust Economics Department research study under the aegis of Vice-President Reierson, analyzes recent trouble in Government securities market, Federal Reserve and Treasury recent and possible near future reactional policies, and outlook for interest rate rise. Notes recent subsidence in surprising high level of demand for long-term funds and suspects long-term market will regain much of the ground lost in past two months "if demands for long-term funds are smaller and upturn in business is more sluggish than generally expected." Believes Federal Reserve will again intervene if Treasury financing is threatened; Treasury will emphasize short terms hereon until market improves; and Fed will take advantage of lull until the next Treasury financing to lighten its portfolio which may contribute to some firming of money rates.

The financial community has just witnessed a most unusual occurrence; the Government bond market has undergone a precipitate drop at a time when business activity is near its recession low following the sharpest decline since prewar days, and when the Federal Reserve has been furnishing reserves to the money market in massive amounts. No doubt the recent improvement in the business statistics and the even more optimistic turn in business sentiment underlie the persistent weakening in the credit markets; a more immediate contributing factor was the huge speculative interest that developed in the Treasury refunding operation in mid-June.

Roy L. Reierson

When the slump in the market picked up speed in the second half of June, the Treasury took the unusual step of buying back about $600 million of the newly issued bonds; moreover, the Federal Reserve increased the tempo of its open market operations. However, weakness continued and, faced with the prospect of a debacle in the recent Treasury refunding operation, on July 18 the Federal Reserve felt it necessary to put a prop under the sagging market and announced that the range of its open market operations was being broadened to include Government obligations other than Treasury bills. The Federal Reserve, in another departure from its usual practice, purchased over $1 billion of the 1$\frac{5}{8}$% certificates being offered in the July Treasury refinancing operation

Notwithstanding the massive support provided by the Federal Reserve, conditions in the Government securities market stabilized only temporarily However, the liquidation has been resumed in the past few days, and with the Federal Reserve out of the market, prices of many issues sank to new lows for 1958, with the market again in a highly unsettled state.

A Highly Unsettled Market

Since mid-June, the Government securities market has been suffering from serious deterioration in sentiment and a virtual drying up of buying which resulted in drastic price attrition. Some notion of the extent of the downward pressures on the market may be gleaned from Table I, which shows price and other pertinent data for the Treasury issues offered during the first half of 1958.

As these data clearly indicate, the real pressure in the market developed after the Treasury financing in June. Prices of the Treasury obligations offered in the February and April financings reached their highs in April, at a time when business activity was still declining fairly sharply and credit policy was one of aggressive ease. Some weakness developed thereafter, but on May 29, the date of the announcement of the June financing, prices on these securities were still not far below their April highs. In fact, even as late as June 10, before the Treasury made a preliminary announcement of the outcome of its June financing operation, prices had not receded very far from their highs. However, the announcement showed that over $7 billion of 2$\frac{5}{8}$% bonds of 1965 had been taken in exchange for maturing issues, while exchanges for the 11-month 1$\frac{1}{4}$% certificates totalled only $1.8 billion. This news was unsettling to the market since it indicated a huge speculative interest in the bonds.

A number of additional factors contributed to a sharp decline in the prices of Government securities on June 19. There was a marked improvement in business sentiment and a widely circulated news article suggesting that credit policy might have changed appeared almost simultaneously with the announcement of a new $300 million issue of industrial bonds. As a result, the newly issued 2$\frac{5}{8}$'s began to be dumped in volume and the weakness in this area was

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Atlantic Refining Company

By DR. IRA U. COBLEIGH
Enterprise Economist

A progress report on a well managed oil company, renowned for its refining operations and now catching up on production.

The oil business this year has not been especially scintillating. Earnings of most of the integrated producers have declined in the past dozen months, impelled in part by over expansion, and a surplus of crude, and in part by the fact that demand for oil is not, this year, keeping up with the 5.3% average annual growth rate of the 1946-56 post war decade.

Ira U. Cobleigh

However so-so the oil situation has been, it now is looking better. Gasoline demand has improved and certain price increases have been posted in some sections of the country. Supplies have been brought back into line what with proration in Texas, and voluntary import controls covering the arrival to our shores of foreign crude. Further, the uncertainties in the Middle East have favorably accented the positions of certain companies deriving their crude mainly from the American continents.

So with a background of modest recovery perceptible in the oil industry, we propose today to examine swiftly a company that has had a bit of rough going recently, but has now acquired an upward market look — Atlantic Refining Co.

AFI gained its stature, as its name suggests, in the refining end of the business and its two large refineries at Philadelphia (145,000 B/D) and Atreco, outside Port Arthur, Tex. (60,000 B/D) have a combined capacity of 205,000 barrels a day. Actual runs have averaged a bit below 200,000 B/D.

Now the problem at Atlantic Refining can be simply defined—it is to increase its own crude production to 75% or more of refinery demand. At the end of 1957 AFI crude production was about 58% of refinery needs so it was necessary to purchase over 40% of the required crude. This purchasing, at around $3 a barrel, compared with a little over $1 a barrel, the cost of its own production. Moreover, Atlantic's major Middle Atlantic marketing area (principally New York, New Jersey and Pennsylvania) is extremely competitive, and Atlantic has found itself drawing away excellent earnings from production to offset current losses from marketing operations. The result of this squeeze was that for the first quarter of 1958 AFI net had dropped to 26c a share against $1.61 for the same 1957 quarter, and dipped the stock to a 1958 low of 34.

Having thus painted the darker side of the AFI picture, it is only fair to trundle out some of the facts about this interesting company that give it a more forward look today. Chief among these is the aggressive approach, and the good fortune Atlantic has had, in the location and development of oil production and reserves.

For example, Atlantic was an early bird in the Gulf tidelands picture. Because it started offshore leasing way back in 1946, AFI, as a 25% partner in the CATC group, acquired shrimp pasture drillsites at very low cost. What is more important, the group quite swiftly located some lush oil so that at Dec. 31, 1957, the AFI interest was equivalent to 23 net oil and gas wells, with its share of production running to around 2,400 B/D of oil and 6½ MCF of gas. Further its net underwater interest off Texas and Louisiana, is now about 160,000 acres or roughly 5% of all the total of offshore leased acreage.

Not only is the oil production good but the natural gas is immediately attractive by virtue of a new pipeline which has been built to the offshore field to transport the gas to Tennessee Gas Transmission Company under a contract price reported at better than 21c per MCF.

Another important offshore venture is found in the wholly owned 19,000 acre oil pasture lying in the Gulf of Paria, a most favorable geological structure between the island of Trinidad and Venezuela on the mainland.

In fabulous Lake Maracaibo in Venezuela, AFI has recorded probably its most outstanding drilling successes. Here, on a 25,000 acre area on Block No. 1, wherein AFI holds a 45% interest, seven wells have already been completed, with an indicated average daily production in the order of 5,400 barrels. Further the zones of pay-dirt producing sands are remarkably extensive, one of them 1,400 feet thick, and the average, over 700 feet.

Atlantic has been assigned a Venezuela U. S. import quota of 50,000 B/D. Indicated expansion of drilling operations in Lake Maracaibo suggest an actual daily production probably within two years' time of above 40,000 B/D for AFI account. This would create a dramatic addition to the AFI total production. Other current explorations in search of oil are in Syria, Turkey, Guatamala and Cuba, plus an interest in a group planning drillings in the Persian Gulf offshore from Iran.

Two years ago, the Houston Oil properties were purchased under a production payment arrangement whereby 85% of oil and gas sales are applied to reduction of the original payment contract of $125 million. This "nut" is being rubbed away rapidly and, assuming present production payouts, should be fully paid off by the end of 1965. Meanwhile, 15% of present production and oil from all new wells drilled on the Houston properties go direct to AFI. These amount to over 4,000 barrels a day, and of course this whole picture would brighten with any lifting of Texas prorationing.

While oil is the more talked about at AFI, the company position in natural gas is moving ahead rapidly and gross income from gas increased eight and one-half times in the 1948-57 decade. It is expected to exceed $21 million for 1958.

The financial program at AFI has been well attended to. At the 1957 year end net working capital stood at above $100 million. Capitalization is $182 million in long-term debt, $35 million in preferred and 8,900,000 shares of common now selling at 42¾. Of considerable investor interest is the $100 million issue of 4½% debentures due 1987 convertible into common at 53. These debentures now sell NYSE at 110, affording a current yield of a shade over 4% and an interesting call on a lively stock 10 points over the current market.

At 42¾ and assuming continuance of current $2 dividend, the yield on the common is 4.54%. The dividend was not earned in the first quarter but should be earned for the entire year. Even if the $2 figure were not quite realized from operations, there would be considerable logic in retaining the rate since the earnings trend is definitely improving, there are over 70 barrels per share in oil reserves, the long-term outlook for increased production is quite exciting, and the cash position excellent. As a speculation over the next three years, AFI should be an interesting one to watch and mayhap to own.

LETTER TO THE EDITOR:

Cortney Takes Issue with Babson's Views on Gold

International monetary authority, taking issue with Roger Babson's article on gold, claims reported figures overestimate Russia's gold stock and production. Denies Soviet-held gold constitutes threat to world commodity price level, and insists the real danger is constituted by possibility of Russian buying of our gold.

Editor, Commercial and Financial Chronicle:

In the article by Roger W. Babson on "What About Gold and Gold Stocks?" published on July 3, Mr. Babson makes the following remarks:

Philip Cortney

"Although over fifty percent of the free world's annual production of gold comes from South Africa, Russia is now reported to be producing five hundred million dollars' worth a year, to have on hand eight billion dollars' worth to use as a weapon against us. This gold could be a real factor in breaking commodity prices and prolonging our business depression."

I doubt that Russia has a production of $5 hundred million worth a year and that its gold stock is $8 billion. If it is so large why did Russia ask for credit from the United States?

But what puzzles me is the remark that the gold held by Russia could be a real factor in breaking commodity prices. Let's see: Russia can either sell gold to the free world, or it can buy gold from it. If it should sell gold to the free world it would purchase commodities and machinery, and prices would go up and not down.

Russia's Gold Buying Would Be Calamitous

I would rather examine what would happen if Russia decided to buy gold from the free world. This could be a calamity. It is easy to show that a loss of gold by the free world is deflationary, and would play havoc with international liquidity, and therefore would hamper international trade. The question, however, may be asked whether the Russians have the wherewithal to purchase gold in the free world. It appears that during the period of massive conventional rearmament the Russians have built a great capacity for producing raw materials and some semi-finished products. Such commodities could be sold to the rest of the world against gold. Besides, should the Russians' fight to penetrate or conquer Southeast Asia succeed, they would become masters of important sources of raw materials badly needed by the free world. Our monetary policy has had the effect of reducing the purchasing power of gold to that of the dollar, and therefore at the present price the Russians could acquire a much larger quantity of gold by selling raw commodities than it would be possible if the price of gold were not arbitrarily maintained by us at a low purchasing power.

In summary, the real danger to the free world is that the Russians may buy our gold and not that they may sell us theirs. Gold renders such an irreplaceable and valuable service to the free world as a basis of its currency system that the advantages the Russians might get from a higher gold price are minor as compared with the benefits the free world would derive therefrom.

PHILIP CORTNEY

President, Coty Inc.
New York City
Aug. 4, 1958

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(Special to THE FINANCIAL CHRONICLE)

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(Special to THE FINANCIAL CHRONICLE)

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The State of Trade and Industry

Steel Production
Electric Output
Carloadings
Retail Trade
Commodity Price Index
Food Price Index
Auto Production
Business Failures

The long awaited upturn in the business trend has become more certain the past few weeks but the signs appear to indicate that the pace will not be fast, but more or less gradual in nature.

It is worthy of note that the improvement is not confined to a few important segments of our economy, such as the steel and construction industries, both public and private, but has also made itself felt in rayon and cotton goods and other lines as well. Prices of cotton goods have taken on a stronger tone giving cause for some show of optimism in this quarter.

One factor casting its shadow over the bright clouds is the automotive industry, which is presently marking time. Changeover to new models remains to be accomplished and will take several weeks for most manufacturers. Then too, many 1957 models in dealers' hands remain to be disposed of, not to lose sight of a possible strike over the settlement of a union contract.

The current business trend for the most part seems to bear out the belief that inventories have about touched the bottom of the barrel. However, in laying plans for the future, the consumer is the key in a return to a more stable economy and upon him will depend the speed of our recovery.

With respect to the current employment situation, recalls of workers to plants reopening after vacation periods, cut the number of workers drawing unemployment compensation by 72,100 in the week ended July 19, the United States Department of Labor disclosed.

The decline put the total of continuing claims at 2,555,300, second lowest total for this year. The week ended June 28 had the lowest total so far in 1958 at 2,551,700.

The return of workers from vacations also reduced the number of new claims by 32,500 to 318,700 in the week ended July 26. In the like week last year, new claims totaled 231,400. The report on new claims is always a week ahead of the one on continuing claims.

Thirty-two states reported declines in continuing claims, the department declared, with New York's insured unemployment dropping by 28,400. Total insured unemployment amounted to 6.1% of the labor force in the week ended July 19, compared with 6.2% the previous week and 3.2% in the corresponding week of 1957, when there were 1,293,200 workers drawing compensation.

Declines in new claims were revealed in 36 states, with Missouri, Pennsylvania and New York showing the largest reductions. In the same week, a total of 36,800 workers exhausted their benefits in the eight large states which report such data weekly. This was down 1,000 from the previous week.

The Labor Department also stated that the number of workers claiming additional benefits under the special Federal program rose by 175,300 to a total of 510,400 in the week ended July 19. The program covers workers who have exhausted their benefits under the regular Federal-state program. New claims for these declined 49,500 to a total of 77,900 in the week ended July 26.

Despite the furor in Washington, the steel price rise will stick, "The Iron Age," national metalworking weekly declared on Wednesday of this week.

It pointed out that steel firms are well armed with evidence to justify the average price boost of about $4.50 per ton. One of their biggest weapons is the fact that at least five companies were in the red during the first six months of the year, that is, before the full impact of higher steel wages hit them on July 1. The earnings of even the major steel firms dropped drastically from last year.

As it is, continued this trade journal, the price hike was "too little and too late" in the thinking of most steel firms. It came 30 to 35 days after the rise in employment costs and was less than half what the majority of companies claim they need to maintain an adequate profit position. As a result, many firms face tough financial sledding in the months ahead, even with the price boost.

The metalworking magazine recalled that since Jan. 1, steel

Continued on page 34

Impressions of China

By JAMES MUIR

Chairman and President, The Royal Bank of Canada
Montreal, Canada

Based on first hand observation, Canadian banker offers his impression of an awakening Red China, her people and their accomplishments during the past decade, as he saw them without being in the hands of "Intourist," together with some observations of the trade opportunities existing for Canada. Confesses bewilderment at "stupendous" progress made; believes strategic goods embargo may ironically provide Chinese with a great long-run benefit; and suggests exporters "shake themselves loose" about trading with Red China and that Canadian Government penalize those corporations derelict in seizing legitimate trading opportunities.

This is an attempt to report information on life and conditions in China as I saw them on a short visit. It is not meant to prove or disprove anything. If anyone is interested enough to read it, I ask that he read it all through before drawing any conclusions—and particularly I ask that he refrain from lifting any passage from context which, with an elaboration built thereon, might create quite a wrong impression of the whole.

James Muir

The first question you would probably ask is, "Why did you go to China, what was the purpose of your visit?" Quest of knowledge—the desire to see how other people live and have their being—the desire to see how business, and more particularly how banking operations, are conducted—were the main urges that prompted me to go, plus of course a fairly healthy measure of natural curiosity.

No "Intourist" Guidance

I went of my own accord, at my own expense, and received invaluable physical assistance from Bank of China officials in arranging such things as accommodations and travel facilities. From first to last their courtesy, assistance, kindness and general good humor under all circumstances were of infinite help. Their explanations of their system were naturally of the highest interest, and they showed not the slightest reluctance to answer questions, and plied me with queries in return. I have read that in visits to China one is put in the hands of "Intourist," a Government Agency, which in effect leads one around by the nose. I was not under such auspices. Actually, I saw but one "Intourist" official and that was in Canton. In many respects I would compare "Intourist," as I saw glimpses of it functioning, as a sort of Chinese Thomas Cook & Son or American Express operating under government auspices.

The cost of living is unbelievably low, probably about ¼ to ⅓ of ours in many directions. In the main cities we had good and immaculately kept hotel accommodation; laundry was done and returned the same day and looked less war worn than is the case on our continent; clothes pressing was often and prompt—dry cleaning in a matter of hours in case of need.

I was told rats have been exterminated so bubonic plague has gone. I saw one fly and one mosquito and no sparrows in the cities. National campaigns were organized to get rid of these pests, and I believe were used as a test to see how successful or otherwise the authorities could be in organizing the populace in singleness of effort. From their point of view the results must have been astonishingly gratifying.

Stupendous Progress

The growth in industry, the change in living standards, the modernization of everything and anything, the feats of human effort and the collossal impact of human labor are not within our power to describe and still give a worthwhile picture of the scene. All I can say is that it must be seen to be believed. It's truly stupendous. The effect is almost to bewilder one when he sees what has been accomplished in less than 10 years but, if he is a thinking person, to appal him and dumbfound him when he realizes what had not been done in the previous 4,000 years or even 100 years. There are 600,000,000 people in the land—the net population is increasing 20,000,000 per annum or 38 per minute. Take deaths into consideration, and births must be at something resembling machine gun speed—and we were freely told there is already a labor shortage. Twenty-five per cent of the population of the world lives in China and in a score of years or less it will be nearer half the world's population. How one can fail to "recognize" this colossal scene is over my head.

I shall give but one example, an exceptional one perhaps, of the inexorable effect of human effort in terms of human labor. I saw the new irrigation and flood control dam in the Ming Tombs Valley. It was practically finished and had taken only 140 days to complete. It is over 2,000 feet long, about 95 feet high, 555 feet wide at the base and about 25 feet wide at the top. It has a concrete core, the upstream side is clay and the other is earth, gravel, and stone. 100,000 people were working in three shifts around the clock. All work was described as "voluntary"—certainly it was unpaid. About half of the work force was provided by the army, the rest by citizens from every walk of life who go and live and work at the site for days or weeks as circumstances, age, health, and physique permit. With little else than their bare hands, picks, and shovels, this colossal task has been accomplished. I stood on high ground and looked down upon this vast human ant hill. I took photographs of the scene, a shift of 30,000 toiling people, and hope when developed these pictures will have caught something of the atmosphere of the drama.

The almost fanatical drive toward hygiene and physical culture by the people is a study in itself. At 10 a.m. and 4 p.m. all work must stop and physical exercise be indulged in—young and old, over and under weight alike. I saw few in the former category. Many people wear gauze masks as a protection against dirt and fumes. En route from Shanghai to Canton by air we stopped at an airstop for lunch. We were met at the plane by a girl wearing a white gauze mask, in white skirt and long white smock, spotless. She conducted us to the dining

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Reinvestment Depreciation—What It Is and What It Does

By MAURICE E. PELOUBET, C. P. A.*
Partner, Pogson, Peloubet & Co., New York City

A leading certified public accountant proposes a modern system of "reinvestment depreciation" to place billions of tax-blocked dollars into new plants and equipment and help speed a business upturn. Mr. Peloubet would permit deduction of the difference between the value of retired property in current dollars and its cost in historical, original dollars, to help compensate for dollar's purchasing value decline, providing an equivalent investment is made in depreciable property within two years of the date of retirement. The amount of the reinvestment depreciation written off in the first year would be deducted from the depreciable basis of the new property acquired. Claims tax loss would be offset because required capital spending, which otherwise may not have occurred, would generate income taxes, more jobs and greater output—not produced by current depreciation system.

Walter Lippmann in a recent article said:

"There are at least two reasons for thinking that we may not be at the bottom of the recession. For one, there is no good reason to suppose that there will soon be a rise, instead of the present decline, of what businessmen invest in plant and equipment. Unless, however, there is a reasonably prompt and substantial rise in private capital expenditure, there is no good prospect of a recovery without compensating outlays of public capital in defense and public works and subsidized housing and other facilities."


Maurice Peloubet

His second reason was similar: The falling off in the demand for what might be called household capital goods.

The primary cause of the failure of the businessman or the citizen to invest in plant and equipment or durable goods is simple. It is the lack of available money. It is not because all manufacturing plants have such modern and efficient machinery and equipment that they need nothing further. If every man in this audience asked his manufacturing clients if they had any machinery that was obsolete, in the sense that there was some other machine which would do the same job better or cheaper or both, there would, I think, be very few negative answers. Certainly in the industries with which I am familiar, either because some members of the industry are clients or because of personal acquaintance with the managers, I can think of very few manufacturing organizations where there is no outdated and obsolete machinery doing a job which some other equipment could do better. I know this to be true in most branches of the metal working industry, in many sections of the textile industry, and in the cement, pulp and paper, and printing industries, to give only a few examples.

There have been statements made in the last few months that the reason for the decline in capital investment in the latter part of 1957 and in 1958, as compared with the rather heavy years of 1955 and 1956, is because we are caught up on capacity and we do not need as much new and improved machinery now as we did then. These are made as general statements and as general statements I just do not believe them. It is undoubtedly true that individual organizations may have temporarily arrived at a state where further capital investment is unwarranted, but these are the exceptions. The real reason for the falling off in capital investment is lack of funds, whether these be obtained through retained profits and earnings or from borrowings or the sale of stock. It is not because practically all plants are completely up-to-date, with no obsolete or obsolescent machinery, nor is it because of a large surplus of productive capacity.

*An address by Mr. Peloubet before the 60th Annual Meeting of the New Jersey Society of Certified Public Accountants held at Atlantic City, N. J.

Recovering Costs

From a business and economic point of view, a manufacturing organization should be able to recover, from the proceeds of its sales, the cost of materials and operating costs, as well as enough to maintain its investment in buildings, machinery and equipment, and to have a reasonable margin for profit from which the Government may take its share of taxes.

Expressed in this way, everyone will say—"Why, that is exactly what happens". Generally accepted accounting principles require that all costs should be applied currently to revenues from sales, and most income accounts are ostensibly prepared on that basis.

There is, however, one rather important discrepancy between theory and fact in the construction of an income account or a tax return. Most expenses and wages are paid currently. By the use of LIFO we are permitted to charge current material costs to current sales, but the area in which current costs cannot be applied to current sales is in the charge to income for the use, wear and tear and obsolescence of machinery and equipment.

The fact that these costs are allowed only on the basis of the original dollar investment means that on machinery of any age at all, the depreciation represents one-half or less of its current cost. In an enterprise where the proportion of long-lived machinery and equipment to other assets is large, the fact that depreciation is grossly insufficient and that taxes must be paid on the improperly exaggerated income means that the funds which should go into the replacement and maintenance of investment in buildings, machinery and equipment are taken from the taxpayer by the Government. This makes the taxpayer who uses a high proportion of long-lived machinery and equipment in his business chronically short of the funds necessary merely to keep him even; that is, to maintain his investment in productive property.

There is no doubt of the businessman's interest in the fact that depreciation, calculated under present tax methods and under present generally accepted accounting methods is insufficient. Does this concern accountants, particularly when we say that income accounts fairly present the results of the operation of an enterprise? Some accountants appear to think we have nothing to do with this, but it is my opinion that we are not fully discharging our responsibilities when accounts are presented on the basis of an arbitrary matching of long-past historical costs with sales realized in current dollars. There are two areas in which past costs need to be translated into current costs in order to prepare a meaningful income account. One of these is the cost of materials consumed and the other is in the area of what we might call the consumption of fixed or capital assets.

Fluctuating and Fixed Costs

Where material or other inventory costs fluctuate, a recognized and accepted method exists for applying current costs to current sales. This is the LIFO method, some one of the applications of which is suitable for almost any enterprise. Other current expenses, wages, salaries, payments for services, taxes and the like are paid for currently in current dollars.

The other area, which may be large or small, according to the amount and length of life of the assets involved, is the consumption of long-term property; machinery, equipment and buildings. Here the costs to be extinguished or to be prorated over production, are generally taken to be the dollars expended for the property, no matter when they were spent.

For purposes of record and control we must first keep our books on the basis of historical dollars. Without this there is no basis for translating the dollars of past periods into current dollars. Every year the index of the value of the dollar changes, it seems almost invariably downward, and we must have a base from which to start. It is, however, wrong to confuse the convenience or even the necessity of this base with the idea that it is a true representation of current facts.

The proposed reinvestment method for tax purposes does not provide each year for depreciation on a current value basis, but rather provides for this in arrears as and when property is retired and reinvestment occurs. As I have already explained, this seems to be the best and most practical method for tax purposes. Accounting methods for recognizing the decline in the value of the dollar should do so currently regardless of whether the investment is replaced at that time. When the current-value depreciation in arrears is written off for tax purposes, it could be applied to the current-value depreciation already provided for.

Everyone knows that the dollar has declined greatly in the last 20 years or more, and the apparatus for measuring this decline, index numbers, is one which is familiar to everybody. However, income accounts and tax returns do not take this into consideration. Various methods have been suggested for showing this, in the income account itself, in a supplementary statement, or in a footnote.

Stockholder Information

The stockholder is entitled to know by some method the present-day purchasing-power cost of buildings, machinery and equipment consumed, in order to produce the goods which are sold. This paper is directed primarily to a method for recognizing the decline in the value of the dollar for tax purposes. However, while no mandatory method for showing the effects of the decline of the dollar in corporate accounts is advocated, some method should be adopted in order to show stockholders and proprietors what their profits actually are on a current basis rather than on the present mixed basis of current dollars for one section of the costs and long-past historical dollars for the other section.

This can be really serious where the depreciable assets form a large proportion of the total and where the lives are long. The statement which you have in your hands was prepared to show the effect of insufficient depreciation on income and on the nominal and actual tax rates which are paid. In the first case, an individual proprietor apparently pays the statutory rate on his income, but because of insufficient depreciation, is paying out over 100% of his income in taxes. In the second column a corporation doing the same business as the individual proprietor pays a nominal tax of 52%, and an actual tax of over 70%, while, in the third column, a 5% decline in sales makes the corporation pay a nominal tax of 52% and an actual tax of over 108%. These examples are not contrived or farfetched but show the results of a business which makes a good income, 10% and 5% on sales, and where depreciation is a substantial but not a disproportionate part of the costs.

There is something here for all accountants to think about. Whoever is entitled to receive the financial statements of an enterprise is certainly entitled to some information which will enable him to see the results of the operation of the business on a current basis.

Depreciation Based on Current Values

Walter Lippmann says "Unless there is a reasonably prompt and substantial rise in private capital expenditure, there is no good prospect of a recovery without compensating outlays of public capital in defense and public works and subsidized housing and other facilities." The best and quickest way to encourage private capital expenditure is to provide the funds for it, and the best way to provide the funds is to give depreciation allowances which are based on current values rather than on values of 10, 15, 20 or 25 years ago. The mere announcement of the passage of legislation which would permit realistic depreciation allowances based on current values would reanimate construction and replacement programs which have been abandoned or are lying dormant, and would cause new programs of this nature to be undertaken immediately.

The reason for this is that the operator of an enterprise would know that he could spend funds which he already had in hand, which would otherwise have to be paid out in taxes, and he could plan for the future on the basis of adequate depreciation. While methods of providing adequate depreciation have been under study for a long time and were not devised as remedies for a recession, there is no doubt that legislation providing for what will later be described as reinvestment depreciation would take effect more rapidly than any other recession cure that could be proposed.

This is true because it would not, as in the case of a cut in personal taxes, benefit only those receiving an income but would provide jobs for those now unemployed. It is not necessary, as in the case of increased defense spending, to allow for the long lead-time, generally at least six months or more, between letting a government contract and the producing stage. The reinvestment method will act quicker than adjustments of the interest rate because time is required here to make new borrowings and to enter into the projects for which the borrowings were made. Furthermore, there is no uncertainty, as in the case of a personal tax cut, as to whether the funds will be spent or saved, or applied to the extinction of existing debt. Under the reinvestment method the funds must be spent quickly for the taxpayer to get any benefit. Generally, they will be spent in accordance with a plan or program already in effect. Most man-

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Raising the Statutory Debt Limit For Estimated $12 Billion Deficit

By HON. ROBERT B. ANDERSON*
Secretary of the Treasury

Country's fiscal chief submits testimony in support of the President's request for legislation to increase statutory debt limit ceiling to $285 billion and to provide temporarily an additional $3 billion leeway. Anticipates $12 billion deficit in fiscal year ending June 1959; refers to wide margin of error in estimating last fiscal year's deficit amounting to about $2.5 billion; and provides two tables forecasting estimated operating balance and cash position, and public debt, on a monthly and bi-weekly basis.

I am appearing in support of the President's request for legislation to increase the regular statutory debt limit to $285 billion and to provide an additional temporary increase of $3 billion to expire June 30, 1960. About six months ago, Jan. 17, 1958, I appeared before the House Ways and Means Committee to urge enactment of a bill to provide a temporary increase of $5 billion in the statutory limit on the public debt. The bill was enacted and approved on Feb. 26, 1958, and provides a temporary increase from $275 billion to $280 billion until June 30, 1959, in the limit on the public debt.

Robert B. Anderson

When I appeared in January, the need for a debt-limit increase was predicated on the following factors:

(1) The fact that cash balances should be maintained at a more adequate and prudent level.

(2) There was need for more flexibility to allow efficient and economical management of the debt.

(3) Even with a balanced budget there would still be large seasonal fluctuations in receipts which would make operations under the $275 billion limit most difficult.

Deficit Estimates Erred by $2.1 Billion

The budget estimates on which we made our recommendation anticipated a deficit for the fiscal year ending June 30, 1958, of $388 million, and a surplus for the fiscal year ending June 30, 1959, of about $466 million. At that time, it was particularly difficult to estimate the extent of the change in economic conditions. The impact of the recession on corporate profits, which are such an important source of revenue, and the extent of the duration of the interruption in the growth of personal income were hard to foresee for a period extending 18 months into the future.

Instead of a budget deficit of $388 million for the year ended June 30, we incurred a deficit of $2.8 billion. This deficit was brought about because our net revenues amounted to $69.1 billion, against the January estimates of $72.4 billion.

Sees $12 Billion Deficit for This Fiscal Year

Instead of entering the current fiscal year ending June 30, 1959, with an anticipated budget surplus of $466 million, we are now faced with an estimated budget deficit of about $12 billion. This amount is based on estimates of $79 billion for expenditures and $67 billion for receipts. In giving these estimates we recognize the difficulty of making predictions this far ahead. They are our best estimates, and as such, provide a reasonable approach to consideration of the debt limit.

This substantial change in the outlook of our fiscal situation for the current year makes it imperative that we again review the statutory debt limit. We can no longer operate with a $5 billion temporary extension of the $275 billion limit because we cannot look forward to a debt of $275 billion or less on June 30, 1959. The estimated deficit will result in the public debt outstanding on June 30, 1959, of nearly $285 billion. It is estimated that our cash working balance will amount to between $4 and $5 billion on that date.

An increase in the debt limit is needed even though the general fund balance in the Treasury on June 30, 1958, amounted to about $9,750,000,000, as compared to $5,590,000,000 on June 30, 1957. On June 30, 1958, the gross amount of public debt and guaranteed obligations subject to the debt limit was $276,013,000,000 as compared to the debt subject to limit on June 30, 1957, of $270,188,000,000.

The general fund balance on June 30, 1958, amounted to about $9,750,000,000, but the cash working balance (funds available to meet the day-to-day expenditures representing balances in Federal Reserve Banks in available funds and in Treasury tax and loan accounts) amounted to $8,628,000,000, or about $4 billion higher than on June 30, 1957. The lower balance a year ago was due to the fact that a large part of the tax collections in that month was used to retire public debt obligations. These reductions (of tax anticipation issues) amounted to $4,650,000,000 in June, 1957, while in June, 1958 there were no maturing tax anticipation issues, and outstanding marketable public debt obligations increased about $650,000,000. However, the lower 1957 balance made it necessary for the Treasury to borrow $3 billion on July 3, 1957, to cover the heavy outlays during July last year. With the higher balances on June 30, 1958, the Treasury did not have to do any cash financing this July, even though expenditures are expected to exceed receipts by $4.7 billion during the month. We are borrowing $3.5 billion in early August for cash requirements of the next couple of months.

Today's Changed Situation

The statutory debt limit should be amended to give recognition to the current outlook for the year. During the period since 1954, while the Treasury has been operating under temporary increases in the public debt limit, and public debt obligations were issued in excess of the permanent debt limit, it could be reasonably estimated that the excess could be repaid from tax collections prior to the expiration of the temporary increases in the debt limit, and in fact they were. In the situation we now face, that is not the case.

It would appear that the only sound course at the present time is to permanently increase the statutory limit to $285 billion. In addition, a further temporary increase of $3 billion will afford us a margin to take care of contingencies. Furthermore, a regular limit of $285 billion may present problems to the Treasury before the end of the fiscal year because there are still substantial seasonal fluctuations in the collection of revenues. We will have to look at the situation again before the end of the fiscal year to determine our course of action beyond that date in the light of developments. When budget surpluses are again in prospect, the matter of the permanent limit con be reviewed.

The figures we are using today do not include any changes in estimated expenditures which could eventuate due to recent developments in the international situation. These developments do, however, point up the need for being in a position to take care of contingencies.

I am appending a table setting forth our forecast of cash balances and outstanding public debt for the period ending June 30, 1959, including actual figures for the period from January to June, 1958.

Forecast of Cash Position and Debt, Fiscal Year 1959
(in billions)

	July 1958	Aug.	Sept.	Oct.	Nov.	Dec.	Sub-total July-Dec.	Jan. 1959	Feb.	March	April	May	June	Total
Change in general fund balance	—4.7	+1.2	—1.6	+0.1	—1.3	+1.1	—5.2	+1.7	—1.0	—1.7	+0.2	+1.4	—0.2	—4.8
General fund balance at beginning	9.7	5.0	6.2	4.6	4.7	3.4	9.7	4.5	6.2	5.2	3.5	3.7	5.1	9.7
General fund balance at end	5.0	6.2	4.6	4.7	3.4	4.5	4.5	6.2	5.2	3.5	3.7	5.1	4.9	4.9
Oper. cash balance at end (incl. gold)*	4.3	5.6	4.0	4.1	2.8	3.9	3.9	5.5	4.6	2.9	3.0	4.5	4.2	4.2
PUBLIC DEBT OUTSTANDING:														
Beginning	276.3	275.9	278.8	276.4	280.2	280.0	276.3	282.2	285.2	284.4	280.8	283.9	286.1	276.3
Change	—0.4	+2.9	—2.4	+3.8	—0.2	+2.2	+5.9	+3.0	—0.8	—3.6	+3.1	+2.2	—2.5	+7.3
End	275.9	278.8	276.4	280.2	280.0	282.2	282.2	285.2	284.4	280.8	283.9	286.1	283.6	283.6
Debt subject to limit	275.6	278.5	276.1	279.9	279.7	281.9	281.9	284.9	284.1	280.5	283.6	285.8	283.3	283.3
MID-MONTH FIGURES:														
Operating cash balance (incl. gold)*	6.0	5.2	2.2	5.5	3.0	2.9	....	5.7	3.4	2.8	4.2	3.8	2.2	....
Debt subject to limit	275.7	277.8	276.3	280.2	279.6	282.0	....	285.1	283.7	283.7	283.7	284.8	285.5	....

*This balance differs from the General Fund Balance as it includes only Treasury accounts in Federal Reserve Banks (collected), Treasury Tax and Loan Accounts and gold in General Fund. (July 30, 1958.)

*Statement by Mr. Anderson before the House Ways and Means Committee on H. R. 13580 and H. R. 13581, Washington, D. C., July 30, 1958.

COMING EVENTS

In Investment Field

Aug. 21-22, 1958 (Denver, Colo.)
Bond Club of Denver - Rocky Mountain Group IBA 24th annual summer frolic at the Columbine Country Club.

Sept. 18-19, 1958 (Cincinnati, Ohio)
Municipal Bond Dealers Group annual outing — cocktail and dinner party Thursday at Queen City Club; field day Friday at Maketewah Country Club.

Sept. 26, 1958 (Cleveland, Ohio)
Bond Club of Cleveland fall outing at the Cleveland Country Club.

Sept. 26, 1958 (Rockford, Ill.)
Rockford Securities Dealers Association annual "Fling - Ding" at the Mauh-Nah-Tee-See Country Club.

Sept. 29-Oct. 3, 1958 (Colorado Springs, Colo.)
National Security Traders Association Annual Convention at the Broadmoor.

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Dealer-Broker Investment Recommendations & Literature

It is understood that the firms mentioned will be pleased to send interested parties the following literature:

Atomic Letter No. 40—Including number of radioistope users since 1953; discussion of acceleration of atomic power construction in Europe—Atomic Development Securities Co. Inc., 1033 30th Street, N. W., Washington 7, D. C.

Banks and Trust Companies of the United States—Comparative figures as of June 30, 1958—New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

Burnham View — Monthly investment letter — Burnham and Company, 15 Broad Street, New York 5, N. Y. Also available is current Foreign Letter.

Cash Dividends every three months up to 94 years—list of common stocks on New York Stock Exchange—New York Stock Exchange, 11 Wall Street, New York 5, N. Y.

Chemical Industry—Analysis—David L. Babson and Company, Incorporated, 89 Broad Street, Boston 10, Mass.

Foreign Cars: Fad or Future? — Discussion in July-August issue of the "American Investor"—American Investor, 86 Trinity Place, New York 6, N. Y.—15c per copy ($1 per year). Also in the same issue are articles on **Philips Electronics**, comparison of growth aid income stocks; **Murphy Corporation** and **Reading Tube Corporation.**

Industrial Production in Japan—Discussion—Nomura Securities Co., Ltd., 61 Broadway, New York 6, N. Y. Also in the same bulletin is a discussion of the **Japanese Auto Industry.**

Introduction to Tax Exempt Bonds — Bulletin — Scharff & Jones, Inc., 219 Carondelet Street, New Orleans 12, La.

Investing in Assets—Analysis with particular reference to **Electric Auto-Lite, Murray Corporation** and **Twentieth Century Fox Film Corporation**—Shearson, Hammill & Co., 14 Wall Street, New York 5, N. Y. Also available is an analysis of the current market.

Investment in Panama — Booklet providing information for those interested in the investment of private capital and in industrial and commercial operations in Panama—American & Foreign Power Company, Inc., 100 Church Street, New York 7, N. Y.

Japan's Economy Today—Analysis—Boni, Watkins, Jason & Co., Inc., 37 Wall Street, New York 5, N. Y.

Japanese Stocks — Current information — Yamaichi Securities Company of New York, Inc., 111 Broadway, New York 7, New York.

Life Insurance Stocks — Circular — A. & J. Frank Co., Fifth Third Bank Building, Cincinnati 2, Ohio.

Over-the-Counter Index—Folder showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a 19-year period — National Quotation Bureau, Inc., 46 Front Street, New York 4, N. Y.

Philadelphia Bank Stocks—Comparison of 12 largest Philadelphia banks—Stroud & Company Incorporated, 123 South Broad Street, Philadelphia 9, Pa.

Put & Call Options — Booklet on how to use them — Filer, Schmidt & Co., 120 Broadway, New York 5, N. Y.

Railroads—Comparative figures on six well situation roads—in "Current Comments for Investors"—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. In the same issue is a list of 42 selected companies whose profits should rebound with better business conditions. Also available is a comparison of price-earnings ratios.

Real Estate Bond & Stock Averages — Amott, Baker & Co., Incorporated, 150 Broadway, New York 38, N. Y. Also available is the current **"ABC"** letter with comments on **Owens Illinois Glass Co., Ruberoid Company, El Paso Natural Gas Co., Ryder System** and **Grolier Society.**

Selected Securities — In various categories — E. F. Hutton & Company, 61 Broadway, New York 6, N. Y.

Stalwart or Infirm—Listed stocks founded over a century ago in August issue of "The Exchange"—Exchange Magazine, 11 Wall Street, New York 5, N. Y.—20c per copy ($150 per year). Also in the same issue is a study of 25 volume leaders, earnings distributions, etc.

* * *

American Cement Corporation—Analysis—Stroud & Company Incorporated, 123 South Broad Street, Philadelphia 9, Pa.

American Investors Corporation—Bulletin—De Witt Conklin Organization, 120 Broadway, New York 5, N. Y. Also available is a bulletin on **Pacific Gamble Robinson Co.**

American Motors—Analysis—Bache & Co., 36 Wall Street, New York 5, N. Y.

Atlas Sewing Centers, Inc.—Analysis—Van Alstyne, Noel & Co., 52 Wall Street, New York 5, N. Y.

Baruch Kenilind Oil Corp.—Bulletin—First Securities Corporation, 1520 Locust Street, Philadelphia 2, Pa. Also available are bulletins on **Continental American Life Insurance** and **Remington Corporation.**

California Packing Corporation—Analysis—Harris, Upham & Co., 120 Broadway, New York 5, N. Y. Also available are reports on **Associated Dry Goods Corp.** and **Tidewater Oil** and lists of stocks which appear interesting.

J. I. Case—Analysis—du Pont, Homsey & Company, 31 Milk Street, Boston 9, Mass. Also in the same bulletin are analyses of **Harbison Walker Refractories, Ekco Products** and **Also Products.**

Central Louisiana Electric Co.—Memorandum—Howard, Weil, Labouisse, Friedrichs & Co., 222 Carondelet Street, New Orleans 12, La.

Corn Products Refining—Data in August "Monthly Investment Letter"—Hayden, Stone & Co., 25 Broad Street, New York 4, N. Y. Also in the same issue are discussions of **Owens Illinois Glass, International Telephone & Telegraph,** and **Sundstrand Machine Tool.**

Daystrom Inc.—Memorandum—Green, Ellis & Anderson, 61 Broadway, New York 6, N. Y.

El Paso Natural Gas Company—Analysis—Taylor, Rogers & Tracy, Inc., 105 South La Salle Street, Chicago 3, Ill.

General Electric Company—Analysis—Thomson & McKinnon, 11 Wall Street, New York 5, N. Y. Also available is a report on **Southern Pacific Company.**

General Mills Inc.—Illustrated brochure—General Mills, Inc., Public Relations Department, 9200 Waysata Boulevard, Minneapolis 26, Minn.

Hanover Bank of New York—Bulletin—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Haydu Electronic Products Inc.—Analysis—Berry & Company, 240 West Front Street, Plainfield, N. J.

Iowa Electric Light and Power Company—Annual report—Iowa Electric Light and Power Company, Cedar Rapids, Iowa.

Kerr McGee Oil Industries Inc.—Data—Oppenheimer, Vanden Broeck & Co., 120 Broadway, New York 5, N. Y. Also in the same bulletin are data on **Mack Trucks, Northern Pacific Railway Company, Worthington Corporation** and **United Aircraft Corporation.**

Marquette Cement Manufacturing Co. — Memorandum — Schweickart & Co., 29 Broadway, New York 6, N. Y.

Mine Safety Appliances Co.—Study—Troster, Singer & Co., 74 Trinity Place, New York 6, N. Y.

North American Aviation—Analysis—Dean Witter & Co., 45 Montgomery Street, San Francisco 6, Calif. Also available are data on **Monsanto Chemical** and **Lockheed.**

Nunn Bush Shoe Company — Report — The Milwaukee Company, 207 East Michigan Street, Milwaukee 2, Wis. Also available is a report on the **United States Life Insurance Company of N. Y.** and **Travelers Insurance Company.**

Ryder System Inc. — Analysis — General Investing Corp., 80 Wall Street, New York 5, N. Y.

Seismograph—Report—Singer, Bean & Mackie, Inc., 40 Exchange Place, New York 5, N. Y.

Sperry Rand Corp.—Analysis—Halle & Stieglitz, 52 Wall St., New York 5, N. Y.

Tishman Realty and Construction Co.—Analysis—Ira Haupt & Co., 111 Broadway, New York 6, N. Y. Also available is a review of **Thompson Ramo Wooldridge Corp.**

United Air Lines Inc.—Analysis—John H. Lewis & Co., 63 Wall Street, New York 5, N. Y.

United Aircraft—Analysis — Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available is a list of interesting convertible bonds.

United Gas Improvement Co.—Memorandum—Hemphill, Noyes & Co., 15 Broad Street, New York 5, N. Y.

Victoreen Instrument Company — Analysis — Cruttenden, Podesta & Co., 209 South La Salle Street, Chicago 4, Ill.

Western Union Telegraph Company—Analysis—Parrish & Co., 40 Wall Street, New York 5, N. Y.

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Homer O'Connell V.-P. Of Blair & Co. Inc.

Homer J. O'Connell has been elected a Vice-President and director of Blair & Co., Inc., 20 Broad St., New York City, the firm has announced. In his new capacity, Mr. O'Connell will supervise the firm's institutional Sales Department.

Homer J. O'Connell

For the past fourteen years Mr. O'Connell has conducted his own firm as a distributor of general market securities. He is a member of the Bond Club of New York, and is a director of Robinson Aviation, Inc., Teterboro, N. J.

Downtown to Mark "Salute to the V. F. W."

Tuesday, Aug. 19, 1958 has been set aside as "V.F.W. Day" in the Wall Street Downtown-Lower Manhattan area, it was announced by Charles O'Brien Murphy, III (Pearson, Murphy & Co., Inc.) Commander of Wall Street Post 310, Veterans of Foreign Wars.

C. O'B. Murphy III

The program will highlight a band concert at Battery Park at 12 noon, which will include the band of the First Army and a symphonic band of musician-veterans. Among the speakers at the concert will be Heyman Sandy Rothbart, Judge Advocate of the Department of the State of New York, V.F.W., who will preside, Lt. General B. M. Bryan, U.S.A., Commanding General of the First Army, Rear Admiral Chester C. Wood, U.S.N., Commandant Third Naval District, Incoming National V.F.W. Commander-in-Chief John W. Mahan, V.F.W. Department Commander Basil Valletta, National V.F.W. American Sovereignty Chairman Edward L. Papantonio, Mr. David Rockefeller, Chairman of the Downtown-Lower Manhattan Association and Director Paul Rutheiser, New York City Division of Veteran Affairs. Leaders in government, business and veterans affairs will be introduced at the ceremony.

The "Salute to the V.F.W." is to be sponsored by the Downtown-Lower Manhattan Association, Wall Street Post 310, V.F.W., New York County Council V.F.W. and Local 802 of the American Federation of Musicians. As an additional feature of the program, which marks the 58th Annual Convention of the Veterans of

Continued on page 44

AUTHORS WANTED BY N. Y. PUBLISHER

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Sales Management's New Horizons

By B. K. WICKSTRUM*
Senior Vice-President — Marketing
Sylvania Electric Products, Inc., New York City

Sylvania's top marketing executive discusses the new aspects of marketing under any set of business conditions, and furnishes population and economic data to support his contention that industry has an unprecedented challenge of a real economic growth curve ahead. Points out we are way past the point of meeting basic needs and are in an era of creating and answering almost limitless demands. Urges taking advantage of today's terrific opportunity by fully utilizing marketing function, which includes scientific study, planning and coordination wherein selling is but one phase of marketing and must be done by everyone from top management on down—not the marketing force alone.

Research is playing as important a part in marketing as it is in the development of new products. If a sales organization neglects that all-important research phase of marketing, there just won't be any "new horizons" in marketing.

Barton K. Wickstrum

And, regardless of how effective and up-to-date engineering and production organizations are—regardless of how much progress they have achieved through research—if the sales organization stops researching and decides that its present marketing methods will be good enough over the long-range future, then the American economy and the American standard of living are going to be stopped dead in their tracks. After all, the American economy **is** the combination of the production and sales of goods and services, and if methods of marketing become so dog-eared and so boringly familiar that the people no longer have any inducement to buy these goods and services, then the economy will be about as dynamic as an unwound eight-day clock on the ninth day.

While I may be just a bit prejudiced, as a marketing man, I can't help but feel that marketing is the backbone of our economy. But has it always been so? As you look back over the years, particularly the past 30 or so, you can see several rather sharply defined phases in this country's business development. In the 1920's up until the depression, and then in the recovery period up to World War II, the emphasis was on **production.** To be sure, selling and engineering were then, as they are today, vital parts of industry, but by far the strongest emphasis was on getting out the goods, whether the product was toothpaste or a locomotive or an automobile or a radio or anything else.

Then the requirements of Lend-Lease and then our entry into World War II propelled us not only into unprecedented production but also into a period of the most rapid and most amazing technological progress in the history of the world. I think we can say quite positively that from 1939 until 1945, the pressures of war forced the world to make more technical advances than it normally would have recorded in 25 years. That might even be too conservative. While we all hate war, we must admit that World War II and, yes, even Korea, brought technical eras worth noting because of their permanent and far-reaching impact on all of us.

*An address by Mr. Wickstrum before the Stanford Business Conference, Stanford University, Stanford, Calif., July 23, 1958.

Present Stress on Marketing And Distribution

Within a few years after the postwar adjustment period, the next broad phase soon made itself extremely evident, and that is the era in which we find ourselves today . . . **the era of marketing and distribution**, a steadily broadening flow and an increasing number of goods and services to more and more markets.

Without question, the **marketing** function in recent years has firmly established itself as one of the major areas of business. That may seem to be completely self-evident because of today's emphasis on "marketing." But the fact of the matter is that recognition of the sale function as only one part of the broader marketing function is really a postwar development which evolved out of greatly increased competition. Marketing today—embracing product planning, market research, advertising, merchandising, distribution, and field selling—requires as much sound management and as much sound planning and direction as engineering, manufacturing, finance or anything else.

The day of hit-or-miss selling has gone for good—and I say good riddance. In achieving sales success today, there is no substitute for planning, for defining objectives and following them through. It goes almost without saying that planning must be scientific or it is worthless, and this is particularly so these days when **everything** is becoming more and more scientific. Unfortunately, problems have a habit of not getting up and walking away to solve themselves. They like to sit there, and the only way you can lick them is to solve them—**scientifically.** Let me say right here that I am not suggesting that marketing men get so scientific that they spend all of their time manipulating slide rules and forget about moving the goods. That would turn out to be a little impractical. But I do want to suggest that there is no substitute in this highly competitive economy for scientific study of marketing problems, scientific accumulation of data, and scientific evaluation and use of that data.

Selling Is Everyone's Job

So far I have been discussing "selling" in the broadest sense—the marketing side of the business—with particular emphasis on planning and increased distribution. However, there is an even broader area of selling that I would like to comment about, because in the final analysis it determines just how successful you are going to be. I am talking about the entire range of the business you happen to be in—from the engineers who design the product, to the manufacturing people who produce it, and then to you—the man who creates the demand for it. **Selling is the fundamental job of everyone**—not the marketing force alone, but also the financial people, the manufacturing and engineering people, and everyone else. Unless they, in their way, sell just as hard and as effectively as you do, you will find your markets gradually slipping away to your competitors.

If any company wants to get ahead these days, its entire top management must regard selling as a company-wide responsibility, because selling begins a long time before any of your salesmen call on the customer. It begins when top management decides to have a research organization with the proper people and facilities to bring out new ideas as insurance for the future. It begins when top management decides to have the best plant and equipment it can obtain, and the best people it can find to run that plant. And it begins when top management decides that a reputation for selling a quality product at the lowest possible cost is the kind of a reputation to have.

Unless you have all this top management support backing you up, you really don't have anything to sell.

Five Scientific Marketing Rules

Now, in going back to the scientific side of marketing, I cannot resist giving some definite rules. There are five of them, and they are all based on the fundamental philosophy that you don't **wish** for the answer to a marketing problem; you go out and get the answer. Here they are:

(1) **Define your problem.** In other words, what do you really want to know?

(2) **Ask someone who knows more than you.** Half the battle here is admitting that there is someone who knows more than you do.

(3) **Ask the question in such a way that you get the facts.** The only thing that a leading question does is give you the answer you **wanted** to get, which all too frequently isn't the right answer at all.

(4) **Interpret the data correctly.** This always reminds me of the sales executive who said: "I don't care how you interpret the information as long as we look good to the boss."

(5) **Use the data.** Granted that all of us get too many reports to read, I nevertheless am convinced that most of our problems could be solved by using information already available or which could be made readily available.

These five principles can be invaluable in planning a marketing program and in evaluating its effectiveness. Another way of saying it is this: You can't operate in a vacuum. That old tale about the eager customers beating a path to the door of the mousetrap maker is a pleasant story, but is 100% removed from reality.

And now I would like to make a few observations about this country's philosophy of marketing.

Creating Demand, Not Meeting Need

Whereas the greater portion of the rest of the world is still trying to meet **basic needs,** we are away past that point and are creating and answering **demands.** Just think about it for a moment. How many things do you buy that you really **need?** Don't you buy most of them—the vast majority of them—because you **want** them, and not because they are basic necessities?

As executives, then, very little, if any, of your effort is directed toward meeting customer **needs,** in the strict sense, but of creating a desire in his mind for the product you have for sale. When you buy a new car it usually isn't because your old car has fallen part, and when your wife buys new drapes for the living room, she bought them because she was tired of looking at the old ones. Our entire economy is geared to the idea of making the consumer **want** something, and that is precisely the dynamic kind of thinking that keeps our economy rolling along in high gear.

Today our economy is producing goods and services at the annual rate of about $425 billion a year, and may exceed $440 billion by the end of the year. And yet I honestly don't feel that industry as a whole is selling as hard as it could.

With greater marketing effort, our steady population growth, plus everyone's desire for a steadily higher standard of living, should bring about a Gross National Product of $470 billion by 1960, and by 1965 could top $560 billion. It might even be more because our estimates in the past have inevitably turned out to be away on the low side.

Economic Curve Is Steadily Upward

Scientists and engineers are turning out new ideas and improved products at a rate which makes the past look pretty small by comparison. Industry and small businesses alike are going through the greatest expansion in their histories, and business investment is expected to increase by more than $60 billion this year. Half of this will be in new plant and equipment, but it will also mean new retail stores, new shopping centers, and a greatly expanded retail trade all along the line. Consumer income is expected to reach $280 billion, and that means after taxes.

However, this will not be an artificial boom in the sense we will have to resign ourselves to settling down to a lower level of business. On the contrary, that economic curve is trending steadily upward because this nation is growing and growing—both in size and in standard of living.

Unemployment is up! But unemployment figures are puzzling until you start digging a little. Unemployment rose in June, but when you dig a bit you discover this was because the schools and colleges let out in June, and business and industry had only just begun digesting this new crop of job eligibles. The important fact is that employment actually increased in June by one million people to a total of nearly 65,000,000. This means we have 65,000,000 people in the United States with paid jobs. And don't forget that these 65,000,000 people are earnings more money than they ever dreamed of.

Population Growth

Let's take a look at one aspect of the growth—the aspect of people, and only people buy things. The last time I was in Norfolk, Va., things looked pretty brisk. Norfolk is an industrial city, has some agricultural economy, is an important fishing port, and in addition the U. S. Navy pumps a lot of money into the city. Every month throughout the year, the population of the United States increases by as many people as there are in Norfolk. Think of it—every month you have, in effect, a brand new market of some 250,000 people.

There are more than 50,000,000 homes in the United States. . . . If sales management can get a substantial portion of the owners of these 50,000,000 homes to do just 5% or 10% of the things that should be done to these homes—just think of the boost it would give to the Gross National Product.

If that doesn't present an unprecedented challenge to every executive in America, I have never seen one. Here are enormous opportunities to put new and improved products to work at a scale which we have never dreamed would be possible. **How** to take advantage of opportunities is the big question.

Up until now, my remarks have concerned my general philosophies about marketing under any set of business conditions. But how do they apply right now—in July, 1958, when the going, at times, may seem a little rough?

Terrific Opportunity to "Put-up" or "Shut-up"

This business adjustment has a definite "put-up" or "shut-up" quality as far as I am concerned, because industry has a terrific opportunity to prove that it can keep its own house in order and accelerate the recovery process.

Continued on page 18

Pepsi-Cola Company
has acquired the
entire capital stocks of
Pepsi-Cola Bottlers of St. Louis, Inc.
and
Hygrade Water and Soda Company

Negotiations were handled by
Stifel, Nicolaus & Company
INCORPORATED
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ST. LOUIS CHICAGO
July 29, 1958

What "Growth Stocks" Would Shakespeare Pick?

By REID TAYLOR
Mitchell, Hutchins & Co., Chicago, Ill.

Mr. Taylor recalls past unshakable views held by many regarding prospects for growth stocks and unexpectedly disappointing market performance and wonders whether investors are not following this pattern by neglecting to invest in good gold mining stocks. Believes gold shares offer protection against dollar depreciation and possess other attributes which make them preferable to shares in other industries.

The wise man will rarely do what everyone else is doing. He will not rush into the marketplace to buy when everyone else is buying. He will not be inveigled into buying a stock at a high price because of its glamor and because it is known as a "growth" situation, when this is mostly hindsight and already reflected in its price.


Reid Taylor

Remember the Eastland Disaster in the Chicago River? This boat seemed to be in safe waters. But everyone was on one side of the boat and that was the wrong place to be. The passenger public found out too late what the owners already suspicioned, that the boat was unstable.

Such a situation occurred at the very top of the stock market rally in 1930 when a well known organization reflecting group opinion at the time, reassured their readers with exactly what they wanted to hear, "A major decline at this time is almost inconceivable." They were so sure that they printed it in bold type. Obviously what everyone thinks regarding the stock market and individual stocks, is more likely to be wrong than right. We might add, there is a logical reason for this. What almost everyone thinks and knows is generally already taken into account by the market.

Today's "Growth" stocks appear safe to almost everyone, but it may be there is too much company there too. It is more than likely that the glamor stocks of the most recent bull market will be anything but glamorous in the next bull market. Radio Corp. at 400, Simmons Bed at 290, American & Foreign Power at 199 were the "attractive long pull investment" stocks of 1929. They have never since recovered even a semblance of their former glamor. Again many of today's "growth" stocks were considered very speculative some years ago. One stock which comes to mind, has been highly recommended at 70, 80, and even 90 dollars a share recently by the same people who advised switching out of it some years ago at 1¼ because they considered it very speculative.

Gold Stocks

Good gold mining stocks are on the neglected side today. In fact everyone who undertakes to tell others how to make money, almost without exception, advises against their purchase, and are only willing to concede that they may have defensive characteristics in case of a depression. Professional investment managers who charge a fee for gathering together in one basket those stocks which majority opinion dictates, have likewise almost completely avoided them as unattractive unless they may have diversified into other recently booming industries which are in favor with the public for the time being. None of these people see any chance of a change in the gold picture in the "foreseeable future."

Do you remember when Central & Southwest Utilities was selling at 25c a share (now $45)? Was anyone recommending its purchase at that time?

Do you remember Tri-Continental Warrants at 1/32 (now $23)? Where were the recommendations then? No, the full page ads telling how you could have run $500 into $104,000 were not pleading anyone to buy them at that time. Only now do they look in retrospect to the tremendous possibilities in long-term purchase warrants.

Now there has occurred a most important phenomenon which appears to refute all current popular opinions regarding gold mining shares. Practically every stock on the Toronto Mining Exchange declined persistently week by week all last year with one exception—the gold mining stocks. Furthermore, since early this year, gold mining stocks have advanced persistently in the face of everything that has been said to discourage their purchase, and in spite of the often declared prospects being nil for an increase in the price of gold. Action speaks louder than words. This is the kind of action which precedes a change in a major trend. When a group of stocks will not go down on about the worst news or conditions you can expect, and when the same group of stocks advances in spite of the broadcast of discouraging statements, the trend must be rolling in their favor.

Gold stocks have very few friends but irresistible and relentless economy forces are building up in their favor quite unnoticed. As Shakespeare would say:

"There is a tide in the affairs of men
Which, taken at the flood leads on to fortune;
Omitted, all the voyage of their life
Is bound in shallows and in miseries."

It is far more important, more satisfying, more sensible, and will ultimately be far more rewarding to be riding the tide than to attempt to steer one's course through the shoals of these tortuous times, and to endeavor to guess which way the wind will shift next.

Non-Depreciating Investment

Why not put your continually depreciating paper dollars into the one substance which retains its value under all circumstances and must therefore finally appear to rise inversely as the dollar has declined? Are we any less gullible than were the ancients who were told that the earth was the center of the universe (like our paper dollar) and that the sun moved up in the sky (like gold).

If paper money cannot go into gold, if it has already gone into almost everything else of value to seek safety and escape, is it not reasonable to assume that it will finally go into the most undervalued of all equities, those which represent ownership of gold in the ground?

There is no need to speculate in gold mining promotions.

There are many fine companies in this field with demonstrated records of production, companies which have weathered many years of rising costs, most difficult years for gold mining. They have reduced costs in every conceivable way and have become highly efficient in their operations. This is in contrast to the current situation in most other industries where companies have been riding the crest of the boom, expanding operations enthusiastically on the stilts of ever increasing debt with little thought of the inevitable letdown and what it will bring.

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Weeks to Address On Stock Market

Percy S. Weeks, Manager of the investment advisory department of Harris, Upham & Co., 120 Broadway, New York City, will discuss the "Economic Situation and the Stock Market" before members of the Locust Valley Rotary Club at a luncheon meeting on Thursday, Aug. 7 in Marshall's Restaurant, Locust Valley, L. I.

John J. Danielson With Walston & Co. Inc.

(Special to THE FINANCIAL CHRONICLE)

MILWAUKEE, Wis.—John J. Danielson has become associated with Walston & Co., 210 East Wisconsin Avenue. Mr. Danielson, who has been in the investment business in Milwaukee for many years was formerly with Bache & Co. and prior thereto with the Bank of Commerce in Milwaukee.

Capital Gains Tax Retards New Growth

By H. L. SPENCER
Pasadena, Calif.

Here are compelling arguments for repeal of capital gains tax which emphasize that the small Treasury tax loss would be made up many times over by increased tax take due to release of locked up risk capital and probable stimulation of new enterprise. Avers next business upswing should not be based on further Federal interventions and vast increase in government debt but, instead, upon removal of capital gain negative penalties which impede, debilitate and frustrate economic growth.

In the presently existing world wide fight to a finish between Socialism and Capitalism there are many serious questions to be propounded which will have to be given logical and convincing answers by the advocates of free economies. One such question is this: Why should the leading capitalist nation, in this time of dangerous unemployment, handicap the successful operation of its own economy by a form of restrictive taxation which penalizes the growth of capital and its use in new enterprises which would provide jobs?

Natural Reinvigoration of the Economy

This battle of opposing ideologies engaged in economic warfare is deadly serious. Mr. Khrushchev has said, "We will bury you." Unless some means can be found to reinvigorate the American economy — to release the natural energies of our people into another cycle of growth and prosperity — this Russian boast may not be an idle one.

To help end the current recession short of a long drawn out period of depression, the ground rules under which our economic system has for too long had to operate should be revised in order to give it a better chance to function successfully if not, indeed, to survive. The basic rules which govern the economy today are imbedded in our antiquated patchwork of tax laws. Most of us can agree that this cumbersome system by which we raise the vast sums that each year are handed over to an ever more demanding Federal Government desperately needs revision and simplification.

Faced as we are, however, with a probable 1959-60 Federal deficit of $8-10 billion under present tax rates, to make a drastic cut in income taxes costly to the Treasury could, in view of the $726 billion Public and Private Debt just reported, lead to a loss of confidence in Federal credit. The problems of debt management are already of such gravity that Secretary Anderson could hardly face a 1959-60 deficit of $15-20 billion with any hope of success. A destructive period of runaway inflation, of benefit to no one, would be the almost inevitable result.

It seems, therefore, that in the current situation a new economic approach must be found. Beyond doubt, we need tax revision now. But it must be a revision that is least costly to the Treasury while at the same time most stimulating to the economy—a revision that would serve to promote the creation of young new enterprises which would provide jobs. Our old established mass production industries have unfortunately, under the forced draft of the recent boom, expanded to the point of great over-productive capacity. We cannot look to them for new jobs until their facilities are more fully employed. In the meantime, a form of tax revision which would meet the above requirements would be outright repeal of the capital gains tax. Such repeal is desirable for the following reasons:

Reasons for Repeal Outlined

(1) A capital gain is not true income as the term "income" was commonly understood when the 16th Amendment was passed in 1913. Income is an earning which comes from the employment of capital and/or labor, which may be withdrawn periodically without impairment of capital. A capital gain is something very different. It becomes income, as construed by our courts, only when realized. In taxing growth of capital we place a penalty against its use in situations which promise quick growth at considerable risk. Why should anyone take those risks if success is to be penalized by punitive taxation?

(2) The C. G. T. puts the Federal Government into silent, participating but non-contributing partnership in every new undertaking. Over the years such venture may grow and prosper. During that time the government will collect an income tax, now at the rate of 52% on corporate earnings. Then, if in the normal course of events, the corporation, business or property is sold, the increase in capital value, which has accrued over possibly many years and is sometimes very large, is treated as income occurring in the year of sale and the Treasury helps itself to 25% of this alleged income. At that point the Federal Government is no longer silent. It becomes a very demanding and rapacious partner.

(3) No other major nation is so ill-advised from the standpoint of economics as to continue use of this restrictive form of taxation. Repeal of C. G. T. in Germany is given a large part of the credit for the great postwar economic recovery which followed.

(4) The C. G. T. has for many years locked up a substantial part of our growth risk capital in situations which it would have been better for the owner to have liquidated at the right time but which was prevented by the heavy tax penalty involved.

(5) The C. G. T. is cumbersome and costly to enforce. It is an endless annoyance to millions of taxpayers struggling angrily each year over the complicated requirements of their tax returns. It is common knowledge that it has provided many opportunities for improper relations between collector and taxpayer. And, after all the trouble it causes, the C. G. T. is a futile and unproductive tax. For many of the years it has been in force it has failed to produce important revenue to the Treasury. There is little doubt that, if it were repealed, the tax loss to the government would be made up many times over by the increased tax take due to release of locked up risk capital and its use in the creation of new enterprises.

(6) Stimulation of business through organization of new undertakings would provide badly needed jobs. If, instead of waiting for government to spend enough to provide make work jobs, we can be given the incentives, through revision of our tax laws, to help ourselves, then, with our natural American energies released from the bottleneck restrictions of the C. G. T., there

will be real hope for an end of the recession soon.

The Associated Press reported from New York that an May 22 Benjamin F. Fairless, retired head of U. S. Steel Corporation, called for an overhaul of the Federal tax system to stimulate business and create jobs. What the economy really needs, he declared, is "a dynamic tax program that will keep Federal revenues up, not by taxing away the incentive and means of new enterprise, but by steadily increasing the tax base through business expansion."

Something Was Wrong

The actual revenue produced by C. G. T. is difficult to uncover in the complicated mass of statistics published by the Treasury Department. Figures are available, however, as to the total net capital gains (not tax revenue) during our last long period of depression, which was prolonged, at least in part, by the existence and use of this debilitating form of taxation. It is pretty well understood now that, in those years of 1930-41, *something was wrong* with this great and wealthy country for during that time net capital gains averaged only $52 million per year. The latest data available in the *Statistical Abstract of the United States* shows net capital gains for 1953 of $2.036 billion.

In view of the lesson so clearly set forth it would seem that, if we are seriously intent upon shortening the term of our present recession, a constructive experiment in repeal of this obnoxious tax would be fully justified, particularly in view of the fact that it can be done at such small cost in tax revenue.

If we can safely pass through this immediate period of recession without reverting to the mistakes of those other years and by tax revision provide the incentives that will bring forth a new flow of risk capital for use in new undertakings which will provide new jobs, then we may look forward to another cycle of growth and prosperity. This time, however, such growth should not be based upon further Federal interventions and a vast increase in debt but upon a real reinvigoration of our American system of free private enterprise. By revising our tax system to one which provides positive incentives for growth, rather than negative penalties which impede and frustrate growth, we would release the energies of a multitude of up and coming young businessmen whose combined dreams and aspirations for the years ahead are the stuff from which the future of America will be made.

Bache Adds to Staff

(Special to The Financial Chronicle)

CINCINNATI, Ohio—James L. Mueller has been added to the staff of Bache & Co., Dixie Terminal Building.

With Collin Norton

(Special to The Financial Chronicle)

TOLEDO, Ohio — Mrs. Barbara A. Fox has joined the staff of Collin, Norton & Co., 506 Madison Avenue.

Hornblower Adds Two

(Special to The Financial Chronicle)

CHICAGO, Ill. — Charles B. Canfield and Richard B. Scharff have become associated with Hornblower & Weeks, 134 South La Salle Street. Mr. Scharff was formerly with Blair & Co., Inc.

Daniel M. Lord

Daniel M. Lord passed away July 28 at the age of 63 following a brief illness. He had been associated with G. A. Saxton & Co., Inc., New York.

Public Utility Securities

By OWEN ELY

Iowa Electric Light & Power Company

Iowa Electric Light & Power, carrying on a business over 75 years old, serves electricity to 347 communities and adjacent areas in that state, with a total population of 650,000. Electricity is also supplied at wholesale to 24 municipalities, 15 public utilities and there cooperatives. Natural, manufactured, or propane gas is supplied in 41 communities in Iowa, Minnesota, Nebraska, and Colorado. Electricity accounts for 70% of revenues, gas 27%, and steam 3%.

The company's postwar growth in revenues has been rapid—from $8.7 million in 1946 to $35.6 million in 1957. However, part of this increase resulted from mergers. The company has acquired three properties adjacent to its own area—Central States Electric in 1951, Iowa Electric in 1953 and Northwestern Light & Power in 1954.

The "Corn Belt" in Central Iowa, considered the richest farming area in the United States, is in the company's territory. Manufacturing activities include meat packing; processing of corn and milk; manufacture of plastics, truck trailers, radio and electronic equipment; dairy machinery, office equipment, shovels and home heating equipment; and fabrication of iron and steel. About one-quarter of industrial sales are from companies connected with the processing of farm products, or with machinery used on the farm. Important customers include Quaker Oats, Collins Radio, Wilson Packing, Ralston Purina, General Mills, etc. Square D Manufacturing is a relatively new customer.

Cedar Rapids with a population of some 88,000 is the largest city in the service area and the company's headquarters. International Harvester plans to build $400,000 facilities in that city. Other important cities served are Marshalltown, Marion, Boone, Fairfield, etc.

Residential and rural sales contribute 49% of electric revenues—a relatively high proportion—commercial 23%, industrial 19% and wholesale business 7%. Domestic business provided 60% of gas revenues, commercial 20%, and industrial 20%. Due to the relatively small proportion of industrial business, the recent prosperity of the farmers, and the fact that much of the industrial economy is tied in with farming, the company has not been noticeably affected by the recession—in fact industrial sales gained 7% in the first five months compared with last year. In the 12 months ended June 30 share earnings were $2.11 compared with $1.98 in the previous period, despite a poor showing for the month of June.

Peak load last December was 265,000 kw. Generating capacity includes 229,000 kw. steam units, 49,000 kw. diesel plants, 7 small hydro plants and a 44,000 kw. steam plant owned by Central Iowa Power Cooperative, but operated by Iowa Electric and connected with its transmission system. A new unit of 82,500 kw. capability will be added to the Sutherland Station in 1961. The company has an arrangement with Iowa Public Service to construct large new units on a staggered alternating basis and Iowa Public Service will buy about one-third of the power from this new unit. The unit will consume only about 10,000 btu per kwh.; fuel will be either gas (when available at an off-peak basis) or coal which is obtained from nearby coal fields.

An interconnection agreement for power pooling was recently signed by Iowa Electric Light & Power, Iowa Power & Light, Iowa Public Service, Iowa Southern Utilities and Iowa-Illinois Gas & Electric. These companies have a combined capacity of 1,150,000 kw. Each company is expected to maintain a generating reserve of 10 to 15%.

As with many other utilities, gas revenues have shown rapid growth, increasing 213% since 1952. However, with the increasing cost of gas there have been some difficulties with municipalities (there is no state commission in Iowa) in obtaining compensatory increases in gas rates, although industrial contracts contain cost-adjustment clauses. In the Fort Dodge case last year involving Iowa-Illinois G. & E., the court gave 70% weight to reproduction cost and 30% to original cost in the rate base. Iowa-Electric may request an increase in gas rates this summer in some 12 communities, to obtain a return of 6% on a modified fair value rate base. The application would include an automatic adjustment clause covering any future increases in cost of gas. Over three-quarters of gas requirements are purchased from Northern Natural Gas and the balance from other companies. Average cost of gas last year was 35c per mcf. and average revenue was 53c.

Capitalization at the end of 1957 was 48% debt, 15% preferred stock, and 37% common stock equity. The next financing is expected to be sale of mortgage bonds in the second half of 1959. Equity financing is considered unlikely until 1961-62 or later.

The financial record in recent years has been as follows:

Years Ending December 31	Revenues (000's Omitted)	Shares Outstanding	——Per Share—— Earnings	Dividends	Approximate Range High	Low
1957	$35,607	1,764,000	$2.08	$1.50	30	25
1956	33,237	1,544,000	2.27	1.40	32	26
1955	30,405	1,544,000	2.10	1.24	28	24
1954	26,521	1,544,000	1.78	1.20	24	20
1953	23,353	1,544,000	1.72	1.125	21	17
1952	21,274	1,316,000	1.69	0.95	20	14
1951	19,676	1,316,000	1.52	0.90	14	13

Earnings available for common stock have increased steadily since 1951. Share earnings also increased steadily excepting in 1957 when a substantial increase in the number of shares resulted in a decline. Common stock equity has increased from 28% in 1951 to 37% in 1957.

Earnings for 1958 are forecast by Kidder, Peabody & Company (in their recent study) at $2.20 per share, not including any increased revenues from a possible rate increase. In the next five years earnings are expected by that firm to increase about 35%, or 30% if the company should decide to do equity financing around 1961-62. Dividends have increased each year since 1950, with the present rate $1.60. The stock was recently listed on the New York Stock Exchange, selling around 34.

Godfrey Bligh to Tour Europe

Godfrey Bligh, President of R. M. Smythe & Co., Inc., 79 Wall Street, New York City, dealers in inactive securities and appraisers of obsolete, extinct and closely held securities, will leave on Friday, Aug. 29, for a seven weeks' tour of Europe, where he will visit London, Vienna, Salzburg, Innsbruck, Italy and France. He will return to New York Oct. 16.

Inv. Ass'n of N. Y. Changes Dinner Date

The Investment Association of New York announces the change of the date of their annual dinner to Dec. 10.

Harris Upham Adds

(Special to The Financial Chronicle)

ATLANTA, Ga. — Robert H. Reed, Jr., has been added to the staff of Harris, Upham & Co., 26 Pryor Street, N. E.

Reddy Kilowatt IEL...

Presents a *New* Symbol
ON THE
New York Stock Exchange

• Effective August 1, 1958, the common stock of the Iowa Electric Light and Power Company is admitted to trading on the New York Stock Exchange. Its symbol will be IEL.

The principal properties of this 76-year old utility are located in 51 of Iowa's 99 counties. It supplies electricity to 375 communities and gas to 39. The company operates 6 steam-electric generating stations with a total capability of 272,950 kilowatts with an additional 127,000 kilowatts of steam capacity now under construction or authorized. It also operates 20 diesel generating plants with a combined capacity of 48,586 kilowatts.

The area covered by the company's operations includes many of the finest industrial and agricultural counties in the state. A copy of the company's most recent Annual Report will be sent on request.

"76 Years of Serving the Heartland of a Great State"

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An Iowa Corporation

GENERAL OFFICES: CEDAR RAPIDS, IOWA

Iowa Electric
Light and Power Company

We have just completed a 12-page study which tells why we believe this stock, admitted to trading August 1 on the New York Stock Exchange, combines attractive possibilities for both growth and income. Now yielding about 4.6%, this utility occupies a strong position in Iowa's fertile economy, and its territory has been largely unaffected by the recession. In fact, sales to residential and rural, commercial and industrial customers have been significantly higher this year than in 1957.

Because of expanding sales and other favorable factors, a continuing upward trend of earnings is anticipated. For your copy of our report discussing this well-situated company, mail the coupon below.

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The Economic Situation In the United States

By HON. W. RANDOLPH BURGESS*
U. S. Ambassador to the O. E. E. C. and N. A. T. O. Council

Former banker and Treasury official optimistically assures Organization for European Economic Cooperation that our recession has ceased and that evidence of an upturn "continues to accumulate in persuasive and gratifying volume." N.A.T.O. Representative Burgess stresses our governmental determination to counter either overexpansion or recession and recapitulates what we are trying to do to meet our responsibilities in the international economy.

PARIS, France — The subject before the Organization for European Economic Cooperation Council is the economic situation in member countries. The U. S., as an associated country, welcomes this opportunity to make informally a few comments of a broad and general nature about the situation in the United States.


W. Randolph Burgess

As a background, it may be well to state that in determining our policies we consider it the duty of government to provide an environment conducive to economic growth by encouraging the powerful long-term growth forces inherent in our economic system to make their maximum contribution to economic progress.

One paramount requirement in this connection is the avoidance of inflation and the preservation of the value of the currency. In the long run, inflation militates against economic growth by discouraging savings and weakening capital investment and increases in productivity.

Finally, while governmental policies should encourage a full and effective use of the resources of our economy, we must recognize that in free societies some fluctuations in the rate of economic activity are inevitable.

Current Economic Situation in United States

It now seems clear that the economic downturn in the U. S. that began in mid-1957 has ended. The evidence that an upturn has begun continues to accumulate in persuasive and gratifying volume. Much of this evidence has become available since the preparation of "The Summary Report of the Economic Situation" by the OEEC Secretariat.

The decline in activity has been relatively moderate and neither as deep nor as widespread, particularly in its international repercussions, as was feared by some observers. The outstanding feature of the decline has been the fact that the reduction in outlays on plant and equipment and consumer durable goods did not lead to similar cutbacks in other sectors of the economy.

Large areas of the country have continued very prosperous, with high employment and good wages. The position of farmers, for example, has improved markedly. The moderate extent of the overall economic decline is shown by the fact that at the low point this spring personal incomes were only 2% and consumer expenditures only 1% below their 1957 all-time peaks.

A change in the direction of economic activity became evident in the second quarter of 1958. Output began to move upward again. The preliminary estimate of the gross national product for the second quarter shows an overall rise, despite the decline in plant and equipment expenditures. The index of industrial production increased two points in May and another two points in June. The improvement was marked in steel and other durable goods but extended rather quickly into most major manufacturing areas. Production of fuels and other mineral products, housing starts, output of electricity, freight carloadings and department store sales all moved forward.

The liquidation of business inventories—one of the most important factors in the recession, but clearly a temporary one—has been so extensive that its cessation would in itself induce a substantial increase in production. The recovery of steel production in recent months may have been brought on in part by an undue depletion of steel inventories.

U. S. Fiscal-Monetary Moves

In its actions to help sustain activity and to encourage an early upturn, the Government has used, in the first instance, prompt and vigorous monetary policies. The Federal Reserve System since October 1957 has reduced discount rates, reduced reserve requirements, and utilized open-market operations, thus substantially increasing the volume and availability of credit and reducing its cost. The drop in interest rates after last October was one of the most dramatic in our history.

The effectiveness of these measures is seen in the response of the financial markets to the heavy demands for new capital. Long-term security placements by corporations and State and local governments, taken together, during the first half of 1958 exceeded the record high volume of such transactions during the corresponding period of 1957.

The Government's program for encouraging housing construction through increasing the availability of mortgage funds has had a noticeably stimulating effect in this sector of the economy. Applications for Government-insured and guaranteed mortgages have increased sharply and suggest a further significant rise in future construction.

State and local government expenditures continue to increase. A number of actions have also been taken by the Federal Government which have the effect of increasing total expenditures. Defense contracts have been stepped up. Unemployment compensation has been extended. Public works programs have been accelerated, and steps have been taken in the highway program and in nondefense procurement that will increase outlays in the immediate future. Increased Federal expenditures, combined with lower tax receipts, have resulted in a steadily increasing deficit, which is now expected to amount to $10 billion or more in the current fiscal year. This is a major factor to be considered in evaluating the expansionary, and perhaps inflationary, pressures that may develop in the coming year.

The rising expenditures in all these sectors should outweigh, substantially, the further decline expected in business outlays for plant and equipment. We can, therefore, reasonably expect a further improvement in employment, which, with rising wage rates, should mean higher levels of personal income and consumer expenditures.

In summary, there is strong reason for confidence in the prospects of the American economy in the near future as in the longer run. The limited nature of the decline, the evidence of renewed upturn, the determination of the Government to pursue policies aimed at countering either overexpansion or recession, and finally, the continuing action of the forces for growth inherent in our economy—all of these taken together add up to a picture of underlying strength and accelerating activity.

International Transactions

To turn briefly to our trading position with other nations, the outstanding characteristics of the United States balance-of-payments with the rest of the world throughout this downturn have been the maintenance of our imports at a relatively high level and the marked decline in our exports compared with the high levels of the preceding year. These characteristics have been particularly notable in our trade with the European countries.

This evolution in the pattern of United States foreign trade, together with other developments, has resulted during the past nine months in a steady and rather substantial improvement in the foreign exchange position of the European countries. It seems reasonable to expect that the factors accounting for this accumulation of gold and dollar balances by other countries will not have the same force in the months ahead, but a reversal of the flow seems unlikely.

The less-developed areas of the world outside of Europe have, it is true, encountered difficulties in their foreign trade and payments —partly as a result of declining prices for products which are important in their export trade, both with the United States and Europe, but also in part because of continuing high levels of internal demand which have found expression in rising imports.

The U. S. Government has been concerned about the financial problems of these countries and has sought to alleviate them. Its lending operations have been at a high level, and it has supported the active roles played by the International Monetary Fund and the International Bank for Reconstruction and Development. Total U. S. private and public investment abroad has continued large and is expected to approximate $6 billion in 1958.

Looking back over developments in U. S. foreign trade in recent years, I am led to suggest the possible need for revision of certain widely held views about the vulnerability of the rest of the world to economic fluctuations in the U. S. As long as consumer expenditures in the U. S. are well maintained, as has been the case in postwar recessions, our demand remains strong for many types of imports, notably food and manufactures. Demand for industrial materials may be more adversely affected. U. S. Government transactions—aid and other Government expenditures abroad —have come to be a sizable part of our outpayments. They are not responsive to changes in domestic business activity.

Our exports, on the other hand, may be more sensitive to cyclical fluctuations abroad. After responding vigorously at times of peak foreign demand, they fall off abruptly when some slackening of demand appears. This is particularly likely to be so now that U. S. exports face much stiffer competition than before as the result of the postwar growth and modernization of the productive capacity of other industrial countries.

In short, I think I am justified in giving you an encouraging report on our present and prospective situation from the standpoint both of the increasing rate of economic activity and the strength of the forces making for sustained and vigorous long-term growth in the United States.

*An address by Ambassador Burgess before the O. E. E. C. Ministerial Meeting, Paris, France, July 28, 1958.

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Kuhn, Loeb to Admit M. H. Wright to Firm

Kuhn, Loeb & Co., 30 Wall St., New York City, announces that on Sept. 30 it will, subject to the approval of the New York Stock Exchange, admit Morris H. Wright as a general partner. Formerly associated with the National City Bank of Cleveland, Mr. Wright was Financial Vice-President of The Weatherhead Company of that city from 1946 to 1956, and is currently President of that company's two principal subsidiaries, The Protane Corporation and LPG Credit Corporation. He will leave these posts to assume his new role with Kuhn, Loeb & Co. in New York.


Morris H. Wright

With A. C. Allyn Co.

(Special to THE FINANCIAL CHRONICLE)

PEORIA, Ill. — Kenneth M. Tyler has become associated with A. C. Allyn & Co. Inc., First National Bank Building. He was previously with Taussig, Day & Co., Inc.

With Elworthy & Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Cal.—Virgil D. Doss is now with Elworthy & Co., 111 Sutter Street.

Stuart Silloway Pres. Of Harriman Ripley

Stuart F. Silloway has been elected President and a Director of Harriman Ripley & Co., Incorporated, 63 Wall Street, New York City, it was announced by Joseph P. Ripley, Chairman of the investment banking house. The office of President has not been filled since the retirement of Pierpont V. Davis, Dec. 31, 1956. In addition to its main office in New York City Harriman Ripley & Co., Incorporated has offices in Boston, Philadelphia, Chicago, Cleveland, Detroit and Reading, Pa.


Stuart F. Silloway

To assume his new duties Mr Silloway has resigned as President of the Pacific Northwest Pipeline Corporation, Salt Lake City, o which he has been President since July, 1956. He will remain a member of the board of directors of Pacific Northwest.

Prior to his becoming President of Pacific Northwest Pipeline, Mr Silloway was Vice-President fo Finance of The Mutual Life Insurance Company of New York having entered the service of tha company in 1933.

Mr. Silloway is a trustee o Wesleyan University, Middletown Conn., from which he graduate in 1929.

Walter Gutman Moves To Shields & Co.

Walter K. Gutman, well-know security analyst, has become associated with the investment bank ing and brokerage firm of Shield & Company, 44 Wall Street, New York City, members of the New York Stock Exchange.


Walter K. Gutman

At Shields, Mr. Gutman will establish a separate section in the firm's research department and will soon begin editing a new weekly market letter. The new section, whic will survey mainly the fields chemicals, pharmaceuticals, stee and electronics, will use the serv ices of outside technical exper and management consultants.

Mr. Gutman has been with th stock exchange member firm Goodbody & Co. since 1942; h edited Goodbody's weekly mark letter from 1949 to June of th year, a period in which the ci culation increased seven-fold 22,000.

Mr. Gutman has contribute many articles on securities leading financial magazines i cluding "Barron's" "The Analys Journal" and "The Commerci and Financial Chronicle" and various times has written on regular basis for The New Yo "World Telegram & Sun" a "The Investor."

In addition to his career finance, Mr. Gutman has f many years actively pursued interest in serious art and st paints at a studio he maintai in New York. He studied und the abstract expressionist Ja Tworkov and under Ben Ka and at one time was employed an art salesman. He has writt on art for the "Nation," "The Ne Republic" and "The Arts."

News About Banks & Bankers

Kerby H. Fisk, Chairman of the **First National City Bank, New York,** announced the election of Richard S. Perkins as Vice-Chairman of the Board.

John Ritchie Kimball, a retired Vice-President of the **Guaranty Trust Company of New York,** died July 19. His age was 77.

Joseph T. Sandleitner has been elected a Vice-President of the **Federation Bank and Trust Company, New York,** it was announced by Thomas J. Shanahan, President. Mr. Sandleitner will be in charge of the bank's new Citizens office.

* * *

Harold C. Richard, banker, died July 28 at the age of 73. Mr. Richard started his banking career with the **State Bank and Trust Company of New York.** He was elected President in 1919. When State Bank merged with **Manufacturers Trust Company of New York,** he served as Chairman of the Board, a director and member of the trust committee.

The election of Wayne W. Wilson, Jr. as a trustee of the **Bushwick Savings Bank, Brooklyn, N. Y.,** has been announced by Gerald R. Dorman, President.

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Central Bank and Trust Company, Great Neck, N. Y. was given approval to increase the capital stock from $1,814,590 consisting of 181,459 shares of the par value of $10 each, to $1,869,030 consisting of 186,903 shares of the same par value.

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Directors of both banks have approved plans for a merger whereby **County National Bank, Middletown, N. Y.,** would absorb **National Bank of Newburgh, N. Y.** Stockholders will vote on the proposal in separate meetings Sept. 17.

James Crowley, President of the **State Bank of Randolph, N. Y.,** for the past 40 years, died July 30. Mr. Crowley's age was 92.

H. Frederick Hagemann, Jr., President of the **Rockland-Atlas National Bank of Boston, Mass.,** announced the promotion of Richard F. Brackett of Melrose from Assistant Cashier to Assistant Vice-President.

Mr. Brackett will continue his activities in the Commercial Loan Division and in Correspondent Bank relations in the State of Maine.

* * *

Frank M. Knight, retired Senior Vice-President of the **Continental Illinois National Bank and Trust Company of Chicago, Ill.,** died Aug. 3. He was 68 years old. Mr. Knight began his banking career with the **Central Trust Company in Chicago** in 1915. He then joined the **Illinois Trust and Savings Bank in Chicago** and in 1929 went to Continental as a Vice-President.

* * *

At the July meeting of the **Pullman Trust & Savings Bank, Chicago, Ill.,** Board of Directors, four staff members received promotions.

They were Robert H. O'Toole, who was named Vice-President; Gilbert J. Rynberk, who became an Assistant Vice-President, and Robert E. Kennedy and Thomas A. Griffin, who were both elected Assistant Cashiers.

The four have been associated with Pullman for five, eleven, eight and not quite one year, respectively.

Mr. O'Toole is in charge of Pullman's Personal Banking Division, Mr. Rynberk is with the Industrial Banking Division, Mr. Kennedy is associated with Pullman's Cashier's Division, and Mr. Griffin, who is head of the bookkeeping department, came to Pullman last October after having been an Assistant Cashier at **Chatham Bank.** Before that he was with Continental Illinois.

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The Minnesota National Bank of East Grand Forks, Minn., changed its title to **First National Bank of East Grand Forks, Minn.,** effective July 21.

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Bishop National Bank of Hawaii, Honolulu, Territory of Hawaii, increased its common capital stock from $4,000,000 to $5,000,000 by a stock dividend and from $5,000,000 to $6,000,000 by the sale of new stock, effective July 23. (Number of shares outstanding — 300,000 shares, par value $20.)

C. R. Auchincloss

C. Russell Auchincloss passed away Aug. 3 at the age of 76 following a brief illness. Mr. Auchincloss was formerly a partner in Cyrus J. Lawrence & Sons and at one time was a member of the New York Stock Exchange.

H. G. W. Parmele

H. G. W. Parmele, a partner in Winslow, Cohu & Stetson, New York City, passed away Aug. 4 at the age of 61.

Two With Union Security

(Special to The Financial Chronicle)

CHICAGO, Ill.—Harold Fefferman and Robert R. Shields have become associated with Union Security Co., 29 South La Salle Street. Mr. Fefferman was formerly with Eldredge, Tallman & Co. Mr. Shields was with Cruttenden, Podesta & Co.

Now With du Pont Homsey

(Special to The Financial Chronicle)

BOSTON, Mass. — Norman J. Stein is now affiliated with du Pont, Homsey & Co., 31 Milk Street, members of the New York and Boston Stock Exchanges. He was formerly with Palmer, Pollacchi & Co., Inc.

Joins Hornblower Staff

(Special to The Financial Chronicle)

PORTLAND, Me. — Martin J. Carew Jr. has joined the staff of Hornblower & Weeks, 436 Congress Street.

With Harris, Upham

(Special to The Financial Chronicle)

BOSTON, Mass. — James K. Gray is now connected with Harris, Upham & Co., 136 Federal St.

Siemens Adds to Staff

(Special to The Financial Chronicle)

PORTLAND, Oreg. — John R. Daley is now connected with Frank Siemens & Associates, 1720 Southeast 38th Avenue.

there's more to Cities Service than meets the eye!

A city within a city, Grand Central Terminal includes some 34 miles of underground track, over 80 shops and eating places, more than 300 phone booths, an investment center, a movie theatre, and two art galleries.

Every year more than 60 million travelers pass through the train gates of Grand Central Terminal, New York City. Not many are aware of the complex organization which clears this traffic. The world's tallest subterranean signal tower controls the arrivals and departures of 500 trains a day . . . three a minute during rush hours . . . moving on 78 tracks fanned out on two levels of a 79-acre yard.

Serving travelers is also an important responsibility of Cities Service. Here, too, the biggest job is done behind the scenes. To assure an unfailing supply of quality petroleum products requires a vast producing, manufacturing, transporting, research, and marketing organization.

Hundreds of millions of dollars flow annually into these far-flung operations . . . and many thousands of employees share the job which extends into four continents. It is costly . . . risky . . . arduous . . . but only in this way can the petroleum needs of the public be met—and petroleum, next to food, is the most vital product in America today.

CITIES SERVICE

Continued from first page

Mid-Year Business Outlook

experienced a sharp decline in home construction, in business expenditures for plant and equipment, and in consumer expenditures for autos and appliances.

What lies ahead?

Notes Reversal of Business Psychology

Last March and April, the outlook looked pretty dismal. The figures for May and June, however, show a distinct improvement. The industrial production index has risen 4 points since April. The average factory work-week has shown a sharp rise—and this usually augurs future expansion. Manufacturers' new orders have shown a very slight improvement. The housing picture looks brighter. The unemployment situation has taken a mild turn for the better during the past two months. The stock market has been rising, despite some very dark news about corporate profits and profit ratios in the first quarter.

All this has led to a rather sharp reversal of business psychology. There has been a resurgence of optimism—a growing conviction that the worst of the slump is over. Most of the analysts are saying now that we touched bottom in April and that business has now levelled off.

Of course, it could be a false bottom. There are two ways to move from a plateau that looks like a bottom—up or down. We can't be sure it's a bottom until key business barometers have given stable or rising readings for several months. The long decline of the 1930's was punctuated by a number of false rises which, on each occasion, were generally construed as heralding recovery.

Also, we must allow for the probability that some of the improvement registered in various business series this spring represents a carryover of business from last winter, when business was hampered by unusually severe weather. This postponed activity has probably had some impact upon the April, May and June data.

With these qualifications, we can concede that there are strong indications that the downward thrust of the recession has been petering out. While we cannot rule out the possibility of a renewal of the downturn, the economy does seem to have reached a plateau of some sort and to be edging upward ever so slightly. The big question is whether we will just bump along on the bottom for a spell, or whether we will have a slow, gradual rise, or whether there will be a really sharp pick-up later this year.

We will know more in the fall. In July, the seasonal summer lull sets in, and the seasonal decline may be somewhat deeper than usual this year because of widespread shutdowns for vacations and auto model-changeovers. It may be mid-September before we have reliable evidence on the end of the slump. The real test will come in November when the new auto models hit the market and when the pre-Christmas rush should develop.

International Situation's Uncertainty

The really big uncertainty is the international situation. If the war clouds darken, we could expect some sharp repercussions on the economy — possibly scare buying by both business and consumers in anticipation of shortages and higher prices, as well as further boosts in defense spending. I shall have to lay this possibility aside because no one can predict right now what will happen in the Middle East.

Now, what I want to do next is to take a closer look at the key sectors of the economy and try to give a clearer picture of the forces at work.

The critical factor in the economy is spending — spending by business, governmental units, and consumers. It is spending that makes the wheels go round. There is no shortage of money — the money supply, as measured by currency outside banks and adjusted demand deposits, is actually larger today than it was a year ago. The question is, how much spending will we do with already existing money or with new money created as a result of bank credit expansions?

Business Inventory Spending

Take, first, business spending for inventories. Inventory liquidation started last fall. In the first quarter, it was at an annual rate of $9 billion — a record decline. This exerted a very heavy drag on production as goods were supplied from stocks instead of from new production. Inventory liquidation has continued into the second quarter, but at a somewhat slower rate.

Some expect that inventory liquidation will be reversed soon. They argue that excess stocks have been eliminated and that this has paved the way for a pickup in business.

There is no clear evidence, however, that business will soon start building up inventories. Total business inventories are off only about 4% from last year's peak. The ratio of manufacturers' inventories to manufacturers' sales is very high. It has actually risen since last fall to an all-time peak in March, due to the fact that sales were dropping faster than stocks. Since then it has flattened out.

I would expect that inventory liquidation may continue for a while, though probably at a slackening rate. For manufacturers, most of the liquidation has been in stocks of goods in process and purchased parts. A good clean-up job has been done on these, and they will probably not be trimmed much further. But manufacturers' inventories of finished goods have been cut but little since last summer. Reduction of these will have to await a pick-up in sales, and they will probably continue to decline for some months after recovery gets under way.

Of course, if the Middle East war scare should get worse, inventory liquidation would be discouraged and could easily be reversed, and this would give industrial production a lift.

Plant and Equipment Spending

Next, let us consider business spending for plant and equipment. The latest government survey indicates that capital spending programs were cut back more than had been realized early this year and that capital outlays will continue to decline for longer than had been expected. The government figures indicate a continuing slide through the rest of the year, with total outlays for the year coming to $30.7 billion as against last year's record level of $37 billion. This would be a drop of 17% — the worst drop since World War II.

The slide will continue into next year. The Conference Board's figures on new capital appropriations by business, and on appropriations backlogs, conduce to this conclusion. New appropriations fell very sharply in the first quarter—the seventh straight quarterly decline. At the end of the quarter, appropriations backlogs were 31% below a year earlier. The full impact of these cutbacks will be felt later on this year and in 1959. Clearly, a turnaround in capital expenditures is some distance ahead.

The only comforting element in the picture is that the rate of decline in plant and equipment spending is expected to slacken over the months ahead, so that the drop in this sector may soon be offset by the rise in government spending—which I shall discuss further on.

The drop in plant and equipment outlays is the basic cause of this recession. There are grounds for believing that we can have no general recovery until it is halted or reversed. Certainly, recovery is not likely to get very far without it.

Over the past few years, the doctrine had grown up that business capital spending is much less volatile than it used to be, because business now plans a long time ahead. This new era thinking has received a rude jolt.

One of the things that will delay a revival in capital spending is the excess capacity that has developed in so many lines. This is a substantially different situation than we had in 1948-49 and 1953-54.

The Housing Outlook

Third, housing. Private nonfarm housing starts dropped steadily from last August to a very low rate in March. Since then they have showed a very encouraging rise. In May and June they ran at an annual rate of over a million a year. Moreover, there has been an upsurge in VA appraisal requests and applications for FHA commitments, and this suggests that housing starts should continue strong in coming months. The recent relaxation of terms on government-backed mortgages has undoubtedly had much to do with the upturn.

An upturn in housing would help to offset the continuing drop in plant and equipment spending. Also, it would help sales of home fixtures and appliances. However, the outlook for housing is clouded by two factors — the decline in family formations and the rise in building costs. Family formations have dropped off sharply because of the relatively low number of young people reaching marriageable age and because of the decline in the marriage rate during the recession. (The rate for April was only 7.7 per 1,000, representing the eighth consecutive monthly decline since employment turned down last fall.) Family formations wil pick up in the 60's, when the big postwar baby crop begins to reach adulthood. Until then, however, residential building activity is unlikely to exhibit much steam. Also, the cost of building has increased faster than consumer incomes, and this, coupled with higher real estate taxes and a growing scarcity of sites in metropolitan areas, may be expected to limit new homes starts as a buoyant force.

Stable Consumer Spending

Fourth, we may take a look at consumer spending for goods and services. Consumer spending has been remarkably stable. Consumers all through the recession period have continued to buy goods and services. Retail sales fell off slightly in February and March. But in April - June they were about the same as last year. This is indeed remarkable when you consider that the auto industry had its poorest first half since 1952 and that unemployment has stood at around 5 million.

It is the "mix" of consumer spending that has been an upsetting factor. Where consumer spending declines have hurt the economy in recent months has been in the field of durable goods. The figures show that consumers have been spending quite a bit less on durables, more on nondurables and services.

There have been several reasons for the decline in spending for durables:

(1) The drop-off in housing, which affects spending for furniture and appliances.

(2) The rise in prices of food and services, which leaves consumers less to spend on "luxuries."

(3) Unemployment, or the fear of it—when people get jittery, the first things affected are the "big ticket," postponable items.

(4) Many consumers had apparently gone rather heavily into debt, and have been hesitant to take on more instalment debt.

Why is it that **total** retail sales have been so well maintained? The main reason has been the fact that personal income has fallen much less than production. From the peak last August down through February of this year, personal income before taxes fell only 1.6%. Since then, it has been rising, and is now actually running at a level higher than a year ago—in the face of substantial unemployment.

In other words, personal income has been surprisingly resistant to the recession.

There are several reasons for this. There has been a drop in income from wages and salaries, but this has been more than offset by increases in income from other sources—a rise in farm income, an increased flow of social security and veterans' benefits, and a rise in unemployment compensation payments which makes up for about a third of the loss of salary and wage income.

Here, we see the effects of our so-called built-in stabilizers—farm price supports, unemployment insurance, and social security. These have prevented a drop in personal income, and have thus provided an important bulwark for the economy. So long as incomes remain strong, there is little chance of the recession's gaining momentum and feeding on itself.

A few other points should be made about consumer spending. While total spending has held pretty steady, overall, it has not shown any bounce as yet. Consumer interest in autos and appliances has remained apathetic. What are the chances of a substantial upsurge in buying, particularly of durables, which would give the economy an independent upward rush?

Doubts Major Consumer Buying Upsurge

There are some economists who see a possibility of a new surge in consumer buying, particularly of durables, which would bring a rather speedy recovery. They argue that personal incomes are now rising, that consumer confidence has shown some improvement since last winter as fears of a big depression have subsided, that consumers have built up big cash savings in recent months—they added over $3 billion to their bank savings accounts in the first quarter, a record increase — and that there has been some reduction in outstanding instalment debt, which has put many consumers in a position to increase their purchases on credit.

This reasoning strikes me as over-optimistic. As far as instalment credit is concerned, it may be noted that outstandings are actually higher today than a year ago. In the first 4 months of this year, outstanding declines only a bit more than a billion — only about 3%. It may be doubted whether this has paved the way for a major upturn in consumer buying of durables.

Much will depend on two factors: (1) what happens to housing, which affects demand for furniture and appliances, and (2) the reception accorded the new 1959 auto models in the fall. In this connection, it is worth noting that the auto makers plan no important style changes for the new models. And there appears to be little possibility of a substantial extension of payment terms on new cars.

Of course, a war scare could spark a consumer buying bulge. Barring this, however, I would say that we cannot count on a consumer spending wave to spur recovery. The initial stimulus will probably have to come from other spending sectors, with their impact on general employment and incomes.

Government Spending Definite Rise

This brings me to a fifth category of spending—governmental spending. This is the one sector from which we can count on a substantial upward push. At the present time, it is the biggest expensionist factor in the economy.

State and local spending for construction of roads, schools, and so on, is still on the rise. Heavy state and local bond government offerings augur a further rise.

But the big push is coming from Federal Government spending. Total Federal spending came to about $72 billion in the fiscal year just ended. In fiscal 1959, it will probably come to $78-$80 billion.

The important thing to note about the Federal spending is that the increase has hardly been felt as yet; budget expenditures in the early months of this year were actually running **below** the corresponding period of last year. The full impact of the defense and other spending projects gotten under way since last fall will not be felt until later this year. We are still in the ordering stage, and there is a lag before the effects are felt on actual outlays.

Take the defense spending picture, for example. In the first quarter of this year, it was actually $800 million lower than in the first quarter of last year. But if you look at Defense Department orders, you see a spectacular rise —$2.2 billion in the 3rd quarter of last year, $3.9 billion in the 4th quarter, $4.6 billion in the first quarter of this year. Actual spending has held rather steady so far, but it will soon increase heavily. Of course, we must not overlook the fact that the placement of orders, by itself, has a major impact on business.

In addition to heavier defense spending, we can look forward to rising Federal outlays for public housing and slum clearance; rural electrification; reclamation and rivers and harbors projects; highways; and other public works. Some of this is the result of administrative speed-up of previously-authorized programs; in addition, many new projects have been authorized by the Congress as anti-recession measures. Finally, we shall see the effects of pay increases for government workers and expected larger outlays for farm price props for this year's crops.

Fiscal Spending and Deficit Problems

The danger in this situation is, that if private spending **should** pick up this fall or early next year, we would have superimposed upon it a great increase in government spending which could exert inflationary pressures on prices. The Administration has been keenly aware of this possibility and has been trying to ward off still further spending schemes pending in the Congress. In fact, it is reported to be looking hard for ways to **cut** spending in fiscal 1960. We now have huge long-range spending commitments that could cause a further rise in Federal spending in fiscal 1960 and 1961, and it may be very hard to return to a substantially lower level of spending in the near future.

On the financial side, the rise in government spending will pose very serious problems. The fiscal 1958 deficit was $2.8 billion, and it was due principally to a drop-off in tax receipts rather than to higher spending. In fiscal 1959,

spending will jump, and unless revenues pick up, the deficit could run up to $10-12 billion. If the deficit is financed through the commercial banking system, the result will be a considerable increase in the money supply and in banks' holdings of liquid assets. This could give rise to a problem of excessive liquidity which would make it extremely difficult for the Federal Reserve to restrain inflationary developments after a broadly-based recovery gets under way.

Let us now put the pieces together: (1) some probable further run-off of business inventories, though at a reduced rate; (2) an almost certain further decline in business spending for plant and equipment, continuing into next year; (3) some probable rise in housing outlays; (4) a continued high level of consumer spending, with a possibility of some increase as confidence improves; and (5) a substantial increase in government spending. Clearly, there are some downward forces still at work, but it seems quite likely that the plus factors will offset the minus ones during the rest of 1958. This would mean that the economy is not likely to decline further, and could show a modest improvement during the fall months.

Discounts Rapid Recovery

On the other hand, I do not anticipate a sharp upward swing such as some business men and economists are now predicting, unless the international situation should deteriorate further. I think it may take some time to get back to the full employment conditions which prevailed until late 1957. We have a rather long road to travel before reaching the boom peaks of last year. It may take us a year or more to do it.

I have said that this recession is quite different from the setbacks of 1948-49 and 1953-54, in that it is not merely an inventory readjustment but the result of a conjuncture of deflationary developments. It is different also in two other important respects.

First, the two earlier postwar recessions occurred while the nation was still in a catching-up period. We had inherited huge pent-up demands from the 1930's and the war years—demands for housing, consumer durables, plant and equipment, and public projects. Except for public projects, these demand backlogs now appear to have been largely filled. Certainly, the underlying situation in housing, consumer durables, and plant and equipment is much less favorable today than it was in 1949 and 1954, when the rise in spending in these sectors paced the recoveries.

Second, the debt position of individuals, businesses, and state and local governments is far less favorable than it was five or 10 years ago. Since 1946, for example, individual and noncorporate debt has risen 266%, while disposable personal income has risen about 90%. The ratio of such debt to income has risen from 38% to nearly 74%.

It may be doubted, therefore, whether the underlying recuperative powers of the economy are as strong today as they were in the earlier postwar recessions. It would be a mistake, I think, to assume that we are likely to bounce back to boom levels as rapidly as we did in 1949 and 1954. Full-scale revival—in the sense of recovery to full - employment levels, could take much longer this time than it did in the "good old days" of the "rolling adjustments."

Fears Inflationary Stimulants

The great danger is, that in their impatience with unemployment, the political witchdoctors will resort to too heavy a dose of economic stimulants. If the widely expected fall upsurge does not materialize, we can almost certainly anticipate heavy pressure for new Federal spending schemes and tax cuts. The Administration has managed to keep the lid on fairly well this spring, with the help of some improvement in the business statistics and the roseate predictions of its official optimists. If the optimistic anticipations are disappointed, we can expect a spate of pump-priming measures which could lay the groundwork for a really serious inflation later on.

Which brings me to the matter of the purchasing power of the dollar. The behavior of prices in this recession has attracted a good deal of attention. In the 1948-49 recession, prices went down a little. In 1953-54, they remained pretty stable. This time, they have continued to rise. From last July down to April of this year the government's comprehensive wholesale price index rose about 1%. It has levelled off during the second quarter. The consumer price index has continued to rise right down through June—a rise of 2.9% in a year.

This is probably no better testimony than this to the continued strength of inflationary forces in our economy. The forces are two, basically: (1) economic palliatives to counteract recessions, which prevent prices from dropping during periods of bad business; and (2) the persistent tendency of wage rates to rise in bad times as well as good, irrespective of whether the increases are justified by productivity gains. Even in this year of recession, workers in many industries are getting wage increases under the provisions of contracts negotiated in earlier years, and these are bound to show up in higher prices sooner or later.

The effect of anti-cyclical policies and the wage-price spiral has been to produce a growing distortion of cost-price-income relationships. We have a situation in which costs are too high in relation to selling prices — as evidenced by the increasing squeeze on profit margins—and in which prices are too high in relation to the incomes of many segments of the consuming public. These basic maladjustments will probably be intensified in the next cyclical upswing.

I do not know how much further we can travel along this road of rising debt, profit squeeze, and price inflation. We are confronted with a set of conditions which is unique in the history of modern capitalism, and it is very hard to see what the denouement will be. We would do well to do some hard thinking about this longer-range problem which will be with us long after the present recession has passed into history. Unless we come up with some solutions, there could be a very hard day of reckoning ahead.

Forms Carroll Securities

(Special to THE FINANCIAL CHRONICLE)

BROOKLINE, Mass.—Edward J. Carroll is now conducting his investment business under the firm name of Carroll Securities Company. Offices are located at 1731 Beacon Street.

General Mills celebrates its 30th anniversary with report of success

sales: $529,820,000

earnings: $5.94 per share

At the close of its third decade, General Mills, Inc., is happy to report to its share owners and employees that 1957-58 was the most successful year in the company's history.

Long-time research investments were rewarded with new products in foods, feeds, chemicals, vegetable oils, and electro-mechanical activities. Reorganized marketing programs strengthened consumer demand for General Mills products. Most important of all, the outstanding efforts of the people of General Mills provided the drive so essential to the year's achievements.

The year was marked by another innovation: publication of General Mills' annual report as a 20-page illustrated supplement in Sunday newspapers in six major cities. If you wish to receive a copy, write to Public Relations Dept., General Mills, Inc., 9200 Wayzata Blvd., Minneapolis 26, Minn.

General Mills

Harry A. Bullis, Chairman
C. H. Bell, President

The Year In Brief

	1958	1957
Received from the sale of products and services	$529,820,115	$527,701,677
Goods and services purchased from others, and amounts set aside for depreciation	415,841,463	422,178,959
Wages, salaries, and retirement benefits	78,140,404	74,670,699
Taxes	21,144,651	18,616,908
Net Earnings	14,693,597	12,235,111
Dividends paid	7,956,207	7,948,259
Earnings in excess of dividends	6,737,390	4,286,852
Net earnings—per dollar of sales	2.8¢	2.3¢
Net earnings—per share of common stock	$5.94	$4.88
Taxes per share of common stock	9.25	8.16
Land, buildings, and equipment	95,573,735	85,531,908
Working capital	78,898,053	71,255,023
Stockholders' equity	143,055,469	136,100,981

Fiscal years ended May 31.

The Divisions of General Mills

Chemical Division: Fatty nitrogen compounds, polyamide resins, amine adducts, vegetable sterols, and other products.

Feed Division: Formula feeds, feed stores.

Flour Division: Bakers and export flours, durum products, oat products, grain activities.

Grocery Products Division: Package foods, flour for household use, and household specialties.

Institutional Products Division: Baking mixes and other products for hotel, restaurant, and institutional use.

Mechanical Division: Electronic and electro-mechanical equipment and instruments.

Refrigerated Foods Division: Refrigerated ready-to-bake biscuits for household use.

Oilseeds Division: Soybean and safflower products.

Special Commodities Division: Vitamin concentrates, wheat starches and proteins, vegetable gums.

Protex, S. A. (Mexico): Steroid intermediates used in manufacture of pharmaceuticals.

Habib-General, Limited (Karachi, Pakistan): Guar gums. (Sixty per cent owned by General Mills)

THE MARKET . . . AND YOU

By WALLACE STREETE

Regulatory authorities came through with their long-awaited boost in margin requirements this week and at least momentarily interrupted the stock market's latest climb to within reaching distance of the all-time peak.

* * *

There was some selling when the cash requirement was boosted from 50 to 70% but except for a few cases it was moderate and the list was spared anything approaching a debacle, or even a bad break. In fact there was one sequence that even the margin boost couldn't interrupt—the recording of better than a hundred new highs that has been a daily feat for more than a dozen sessions.

* * *

The two overriding questions that the interruption failed to answer are whether the boost was enough to snuff off the summer rally or whether it would resume in the three weeks remaining before Labor Day to carry the industrial average into contention with the 1956 peak of 521. It had worked above 510 before the Federal Reserve stepped into the picture with the tighter margin move.

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The list's performance indicated that two forces were in something of a conflict. To many an excuse for a setback was long overdue. But the record-breaking short interest apparently has held out doggedly and by covering when prices slipped appreciably has given the market the traditional measure of support that such covering assures.

Historical Results of Margin Changes

The history of fluctuating margin requirements is that reactions to them are momentary and the evidence would indicate that they are powerless to reverse a prevailing market trend although it is granted that they do curb rabid speculation at market peaks. When the record peak was reached after a hectic climb in prices through 1955 and 1956, it was achieved about a year after two increases had been posted to bring the cash required to 70%. The 1946 bull market peak was scored well after three margin boosts that had, several months before the top was scored, brought the requirement to 100% — full cash, or no margin trading at all. The lowest permitted since margins came under FRB jurisdiction was 40% prior to 1945.

* * *

Unlike the industrial average, that of the railroads is in no position yet to offer anything approaching a test of its 1956 high, some 40 points away. And, as a matter of fact, the rails never did surpass their 1929 record peak, which is surface indication that they are a laggard group in anticipating, as the senior average seems to have done, that the business recovery, perhaps accelerated by the Mideast situation, is well under way.

* * *

In the case of the individual rails the action of the average is not a statistical oddity. Kansas City Southern, yielding well above 5½%, held its decline to less than 8% while other roads struggling with passenger losses were slipping 70%. The line serves the growing southwest and is generally considered a high grade item.

Laggard Aircrafts

Also a bit lacklustre in the market's latest runup are the aircrafts, largely because of the unpredictable switches in defense demand and with the recent stretch-outs and the effect on profits still within memory. Lockheed was one of the more favored in this group because in addition to its defense work it is well rounded with commercial work as well as missiles and nuclear developments.

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Lockheed is not expected to show any radical change in its earnings, cutbacks in some of the military programs only about offset by the lower developmental expenses for its turbo-jet commercial transports. But its income is being projected to where it covers the dividend requirement some 2½ times, which is above-average coverage.

* * *

With current earnings lost in the shuffle and the emphasis concentrated on the ability of particular situations to benefit from a rebound from recession, some of the traditional indicators of stock value were being ignored, notably in the case of Chrysler where the relatively small amount of shares outstanding offered leverage far beyond what General Motors with its 280,000,000 shares, or Ford with its 54,000,000 could show. Chrysler has less than 9,000,000 shares.

Beneficiaries of Prospective Auto Recovery

National Steel, which relies on the auto industry for nearly half of its business, or double its next most important product, was also bought on the belief in the ability of the auto makers to snap back with their new models; so that the issue was able to keep its new highs going right through the margin interruption. But National, despite having had to trim its dividend early this year, is still available at a yield that approaches 5%, which is high for a quality item. In part due to its pared payment, it also has been available at a lower price tag than its 1956 low and nearly a score of points under last year's high.

* * *

Electric Auto-Lite is also dependent to a large degree on the success of the auto makers so it, too, is an ultra-cyclical issue and could show a sharp recovery if autos sell actively. But in this case there is more than mere hope. Under a program of disposing of some of its equipment and properties, Electric Auto-Lite has built its cash to well in excess of what is required in its normal business. Moreover, control changed hands recently to bring in fresh ideas.

* * *

Apparently the company is far from finished with plans in progress. Some of its other plants are known to be on the block. Why this large accumulation of cash isn't known specifically although the corporate charter was changed recently to permit the company to make acquisitions in any other field it desires as well as to purchase unlimited amounts of its own stock, two possible hints of future action. In the meantime the issue enjoys a sort of "floor" for the price of its stock in that it is less than the working capital and half of book value.

* * *

Murray Corp. is also an attractive-asset situation, in fact was so regarded for basic worth that even an omitted dividend failed to stop the stock from nudging to new 1958 highs right after the depressing action was taken. Here, too, a new group has taken on a sizable commitment in the company's stock and presumably has plans for the future. This stock has been hovering around the price of its working capital alone which was built up by sale of its auto parts and bowling alley pinspotter businesses.

Successful Corporate Rearrangement

A case where certain portions of a business were sold to end an earnings drain could be Eversharp which disposed of its writing instrument line, acquired some new top executives and is aggressively promoting its profitable razor business so it, too, could show a comfortable improvement in results.

* * *

The yield item in a field not noted for liberal returns is Victor Chemical. As the premiere growth group, chemical returns have been unattractive more times than not against other groups. Victor, however, at recent prices offered a return of around 4½% against around or less than 3% for other. Like business generally, the chemical industry has had its troubles both from the recession and from costly production facilities which built up overcapacity even before the recession set in. The chemical companies are in line to benefit fully from any overall recovery from the recession.

[The views expressed in this article do not necessarily at any time coincide with those of the "Chronicle." They are presented as those of the author only.]

From Washington Ahead of the News

By CARLISLE BARGERON

It must be quite obvious by now that when the United States accepted the mantle of global leadership which it seems to have done so proudly at a tremendous expense to the American taxpayers, it reckoned completely without our Eastern press and the columnists which they so widely syndicate. Because our government, trying to exercise this leadership, seems never to be able to please these editors and the syndicated columnists.

Carlisle Bargeron

The wanted us to go into Lebanon; if we did not do so, they harped, all of the Middle East would fall into Russian hands. Our allies Greece, Turkey, Iran and Saudi Arabia, would understand that our protective pacts meant nothing and they could not depend upon us to come to their rescue in the event they were threatened.

Well, we moved boldly, as these columnists and editors would say, into Lebanon. Immediately these Eastern editors and columnists and radio pundits began telling us that was not the thing to do. We should not have been excited about the revolution in Iraq at all, we are told, because it was just a nationalistic uprising, quite pleasing to the people and Iraq is still a great friend of the West.

In the meantime, we have some 12,000 troops in Lebanon, enough to tear up the country. But they are not permitted to fire. Our troops are arrested by rebels and shot at by rebels and at least one of our men has been killed by rebels. But the whole emphasis of our policy is to get our troops out of there on the least provocation. Dur accomplishment will have been to bring about the election of a new President. It was Chamoun, the President, who "invited us in" and now, under our finagling, he has been ousted. How are the other dictators in the Middle East to view that? A man who was playing ball with the United States gets the axe.

Undoubtedly, with our show of force in Lebanon we have been quite impressive, but how impressive? We have been nervous ever since we have been in there and prepared to withdraw under the slightest justification. We have been, apparently, scared to death that if we shot an Arab or ran over a youngster on the beach with a jeep, that that great military power, Russia, might intervene. The fact is that Moscow has only sputtered a lot of threatening words.

But I am not saying what has been done, landing of troops in Lebanon, is not what should have been done.

Our pundits of the air and the pen, however, take the view that our government has no policy. Our State Department, they insist, the Administration, has no "bold" or "imaginative" policy. You ask them if we should have landed troops in Lebanon and they say "yes, probably," but we still do not have any policy governing the Middle East.

It strikes me that the landing of troops was a very definite policy. We had told these small nations that we were their protector and that we have shown it in Lebanon. It makes little or no difference that we have been a very timid protector. The fact remains that we have succeeded in electing a new President, presumably popular with the majority of the people. To have landed as many troops as we did, and to have had the formidable naval array offshore, seems to have been a small accomplishment, but an accomplishment nevertheless it was.

There is no question at all that the Government is still blushing about its having called off France, Britain and Israel in their attack upon Egypt in 1956. Had the French, British and Israelis had their way at that time it would have been the end of Nasser.

As to why the Administration did this, there is only one explanation. We were within two or three days of the election in which the Republicans' great slogan was peace and prosperity. You can imagine how Eisenhower and the Republicans felt on the eve of election about any disturbance to their peace issue. There is little doubt either that the British, French and Israelis thought this to be the exact time to launch their campaign because the U. S. Government, on the eve of an election, would keep its mouth shut. On this they guessed wrong.

But getting back to these critics of Eisenhower and Dulles I would like to ask them what they would have done or what they would do now. They keep complaining that Eisenhower and Dulles have not given us a "bold" or an "imaginative" foreign policy but when you ask them what they mean they haven't the slightest idea.

Martin Inv. Co. Adds

(Special to The Financial Chronicle)

LINCOLN, Neb. — Sidney H. Sweet has been added to the staff of Martin Investment Company, Trust Building.

Joins Elworthy Staff

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Yates S. Bleuel has become affiliated with Elworthy & Co., 111 Sutter Street.

Joins Alm, Kane Staff

(Special to The Financial Chronicle)

CHICAGO, Ill. — Millard J. Grauer is now affiliated with Alm, Kane, Rogers & Co., 39 South La Salle Street.

Recession Scare in Britain

By PAUL EINZIG

British Treasury refuses to go along with Board of Trade's pessimistic prediction of a recession, writes Dr. Einzig who fears erroneous Ministerial defeatism, by Sir David Eccles, may induce reflationary measures leading to higher wages. One paradoxical possibility, he says, "of officially stimulated recession fears is a weakening of resistance to wage demands."

For the first time since the Second World War, a real recession scare developed in Britain at the end of July. It is entirely due to a pessimistic statement made by the President of the Board of Trade, Sir David Eccles, at the Paris meeting of the Organization of European Economic Co-operation on July 28. He declared that the effects of the U. S. recession were "quite likely to hit Europe in the near future." While expressing his belief that the U. S. recession had now touched bottom, he said that the tide of recession was now reaching Europe.

Dr. Paul Einzig

The facts on which he based his pronouncement had been generally known. He did not disclose any new facts previously unknown to other economic prophets whose attitude, based on the known facts, had hitherto been one of very guarded optimism. Until Sir David Eccles rushed in where wiser men had feared to tread, it was the general belief that the autumn might witness either a revival of inflationary pressure or a further slackening of business. But the fact that a British senior Minister has come down on the side of the prophets of recession, with a cocksureness that implies inside knowledge, gave rise to widespread pessimism among economic prophets and their followers.

If the effects of that pessimism were to be confined to a moderation of the minor Stock Exchange boomlet caused by the improvement of the international political situation, it would not cause much harm. Indeed it is widely felt in official circles that a Stock Exchange boom would be most inopportune. But there is always a possibility that, on the strength of the above official pronouncement, many business firms might scale down their investment programs and even their current production programs, in anticipation of a depression in the autumn.

In the past Sir David Eccles repeatedly spoke out of turn, causing some embarrassment to his more discreet colleagues in the Government. For this reason many people are inclined to believe that he must know something on which his defeatism is based, and which other official quarters are unwilling to disclose. This explains why the more optimistic statements by the Chancellor of the Exchequer, Mr. Heathcoat Amory, have failed to cancel out the effect of Sir David Eccles' words.

Many people are inclined to suspect that the Chancellor is simply more cautious than his colleague. There would be every justification for such caution even if the prospects of an autumn recession had more solid foundations than those given by Sir David Eccles. For the degree of any recession that might develop is liable to be accentuated by official defeatism. Even if the Government were certain that the American recession is about to hit Europe it would have been wiser to surround any reference to that possibility to a number of reservations.

But the Government can not be certain, any more than anyone else, about the repercussions of the U. S. depression on Britain and on Europe. So far the countries on the eastern shores of the Atlantic have resisted the impact of the U. S. recession to a remarkable degree. If, as seems possible, the next few months should witness a business revival in the United States, the psychological effect of such a change of trend should in itself go a long way towards offsetting any deferred effects of the earlier downward trend. But unwise Ministerial pronouncements might easily generate a recession which would not have taken place in the absence of such pronouncements.

That the Treasury does not share Sir David Eccles' pessimism is indicated by Mr. Heathcoat Amory's refusal to comply with the Trade Union Council's demand for measures to increase production and consumption. Mr. Alan Birch, Chairman of the T. U. C.'s Economic Committee, who headed a delegation received by the Chancellor on July 31, suggested that there should be an autumn Budget to enable the Chancellor to take reflationary measures to offset the growing unemployment. Mr. Amory replied that the time was not ripe for further measures to expand industrial production or raise consumer demand.

What Labor Should Be Told

What the Chancellor ought to have added was that the remedy lies in the hands of the trade unions. It is the non-stop rise in wages in face of the uncertainty of prices that discourages business firms from embarking on the expansion of their productive capacity, or even from fully utilizing their existing capacity. Faced by persistent wage demands and by the uncertainty of being able to pass on the increases to the buyers in the form of higher prices, industrial firms prefer to mark time.

This elementary fact is ignored by trade union leaders whose economic wisdom begins and ends with demanding higher and still higher money wages, regardless of the underlying economic trends. The latest move in that direction is the demand of a 18½% wage increase by the dock laborers. If this is conceded it is bound to start off another reduction in prospective profit margins, since it will lead to a substantial increase in the prices of food and raw materials.

One of the possible unwanted effects of officially stimulated recession fears is a weakening of resistance to wage demands. This may sound paradoxical. But if official circles genuinely believe in the danger of a depression they might actually favor higher wages as a means of stimulating consumer demand. Judging by Mr. Amory's reply to the trade unionist demand for reflationary measures, the Government has not yet adopted such an attitude. But the response of the public to official pessimism is liable to accentuate official pessimism to such extent that the possibility of a change in the official attitude towards wage demands cannot be ruled out. In any case, if Government spokesmen foreshadow depression their pessimism is liable to increase pressure in favor of various kinds of reflationary measures leading to higher wages.

With Dean Witter Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Franklyn McMahan and William D. O'Hare are now with Dean Witter & Co., 632 South Spring Street. Mr. McMahan was formerly with H. Carroll & Co.

With Coburn, Middlebrook

(Special to THE FINANCIAL CHRONICLE)

MANCHESTER, Conn. — Violet M. Motola is with Coburn & Middlebrook, Inc., 541 Main Street.

John J. Dunphy With Cyrus Lawrence Sons

Cyrus J. Lawrence & Sons, 115 Broadway, New York City, members of the New York Stock Exchange, announced that John J. Dunphy has joined their firm as Manager of the investment research department.

Mr. Dunphy was formerly Vice-President and Chief Investment Officer of Beneficial Standard Life Insurance Company, Los Angeles, Cal., and prior thereto he was Vice-President of Piedmont Advisory Corporation and a member of the Finance Committee, Vick Chemical Company.

Mr. Dunphy joined Incorporated Investors as a security analyst in 1948, and was later elected a Vice-President and director of research of Incorporated Investors and Incorporated Income Fund, Boston, Mass.

Coburn, Middlebrook Adds

(Special to THE FINANCIAL CHRONICLE)

NEW HAVEN, Conn.—Harry W. Cofrances and David Sommer have been added to the staff of Coburn & Middlebrook, Inc., 77 Whitney Avenue.

Newport News Shipbuilding and Dry Dock Company

Profit and Loss Information for the six fiscal months ended June 23, 1958 and June 24, 1957

	Six Fiscal Months Ended June 23, 1958	Six Fiscal Months Ended June 24, 1957
Gross income	$78,210,289	$81,635,167
Net operating profit	$ 4,000,625	$ 7,529,316
Deduct—Provision for taxes on income	1,875,000	4,000,000
Net profit before allowances	$ 2,125,625	$ 3,529,316
Deduct—Increase in allowances on long-term contracts	....	425,000
Net profit	$ 2,125,625	$ 3,104,316

The above information is based in large part upon estimates and is subject to year-end audit, adjustments and charges and is not necessarily indicative of the full year's results. The underlying contract estimates as at June 24, 1957 have since been revised, and those as at June 23, 1958 will be revised hereafter.

The Company's business consists largely of long-term ship construction, repair and conversion and hydraulic turbine and other construction contracts of large unit value, the performance of which may extend over periods as long as several years. A large part of the Company's business is with departments and agencies of the United States and the contracts therefor are subject to profit limitations and renegotiation to the extent that existing law and the contracts may provide and, in some cases, to termination at the convenience of the Government.

The Company records profits on its long-term shipbuilding contracts through estimates on the percentage-of-completion basis, and on its other long-term contracts as billings are made thereon. The profits so estimated and recorded are reduced by such allowances as may be considered advisable, taking into account the stage of completion of each contract, possible increases in costs not included in the estimates, guarantee liabilities, unsettled contract adjustments and other factors. The amounts reserved as allowances reflect the reductions in Federal and state income taxes which would result if the matters covered by the allowances materialize. To the extent that the matters for which the allowances were provided do not materialize, the allowances are included in income. If such matters materialize in amounts exceeding the allowances provided therefor, the excess will reduce income in the year in which such matters materialize. Federal and state income taxes must be paid for each year upon the profits as estimated and recorded without consideration of the allowances. Such allowances aggregated $3,125,000 at June 23, 1958, December 31 and June 24, 1957 and $2,700,000 at December 31, 1956.

Income from other contracts and orders is estimated and recorded as billings are made under the contracts or recorded upon completion of each contract.

Quarterly Statement of Billings, Estimated Unbilled Balance of Major Contracts and Number of Employees

	Six Fiscal Months Ended June 23, 1958	Six Fiscal Months Ended June 24, 1957
Billings during the period:		
Shipbuilding contracts	$61,819,876	$50,256,430
Ship conversions and repairs	12,434,597	20,273,195
Hydraulic turbines and accessories	3,180,095	1,001,090
Other work and operations	5,675,599	8,672,639
Totals	$83,110,167	$80,203,354
	At June 23, 1958	**At June 24, 1957**
Estimated balance of major contracts unbilled at the close of the period	$380,627,622	$344,610,460
Equivalent number of employees, on a 40-hour basis, working during the last week of the period	11,470	12,874

The Company reports income from long-term shipbuilding contracts on the percentage-of-completion basis; such income for any period will therefore vary from the billings on the contracts.

July 23, 1958

By Order of the Board of Directors
R. I. FLETCHER, *Financial Vice President*

Continued from page 9

Sales Management's New Horizons

Although there are the usual number of weak sisters, most companies not only are taking it but are slugging right back. And they're slugging back by taking a closer and harder look at their operations than at any time since the end of the war, so that they will be in that much better shape when this slump is over.

I'll go even further than that. If we don't watch ourselves, we're going to have shortages in the distribution channels.

While industrial production has continued to lag, consumer income has resumed its climb. June disposable income was almost 1% ahead of June, 1957; July income, aided by payout of retroactive Federal pay increasess, will be more than 1% ahead.

Personal income may reach an all-time high of $350.6 billion in July.

Consumer spending is on the way up again. Even before the above spurt in income developed, consumers had recovered their poise and were starting to spend again; they turned $17.3 billion over to retail stores in May, a shade more than in 1957. The June-July spurt in income substantially guarantees an improvement in retail store sales in July and August (seasonally adjusted) and store sales of $105.8 billion in the second half of 1958.

In addition, Federal, state and local purchases are on the way up again, and production will rise and increase payrolls further and strengthen retail sales.

Hence industry shutdown policy in July-August is ill-advised. In view of the above outlook, the long industry shutdowns planned for July are unrealistic. Time lags in getting production going again are going, I repeat, to make for shortages in distribution channels.

Value of Advertising

One area of marketing that is getting an especially concentrated dose of realistic thinking is, of course, advertising. If for no other reason, it's a matter of dollars and cents, because when sales and earnings are down, that $10 billion spent by business every year on advertising looks pretty big.

However, don't misunderstand me. No one in his right mind is skeptical of the value of advertising or is doubting its tremendous economic contributions to the growth of the economy, because those points have long since been proved without question. But when sales start to slide a little, and earnings go down, everybody starts looking twice at his advertising budget just as he does every other large expenditure. It all comes under the heading of making doubly sure you are doing the best job you possibly can.

On the marketing side of the business, we're living by the axiom that "the time for the hard sell is when it is hard to sell" . . . and we're making sure that advertising, as well as every other distributive function, is carrying its share of the load.

The next few months are going to have plenty of challenges for all of us. As far as I'm concerned the business slump has leveled off, and it won't be long before the Gross National Product figure and the Federal Reserve index are climbing again—in fact, we'll see a definite upturn well before the summer is out. The Gross National Product will be on the upswing in the third quarter and that by the end of the year the annual rate will be equal to, or even greater than, that record set in the third quarter of 1957.

Even the most conservative company knows what this will mean. Here will be an enormous opportunity to put new and improved products to work at a scale we have never dreamed possible.

In other business slumps in recent years, more and more businessmen have argued like the devil against cutting such marketing costs as advertising and promotional budgets.

But top management seems to have climbed on the bandwagon during this recession—and frankly I have been a little surprised at how many have seen the light. During the Economic Mobilization Conference of the American Management Association in New York several weeks ago, there were plenty of indications that management has learned by bitter experience that you **don't** stop your watch to save time. The chief executives of five or six companies in as many different industries laid the facts on the line and stated flatly that they were holding the line on advertising and promotion budgets.

In fact, I'll lead with my chin and tell you this: Every dollar we can spare at Sylvania, and every ounce of effort we can muster, is being directed toward holding our sales volume, and I would no more advocate taking arbitrary slices out of our advertising budgets than I would tell a salesman that he has to increase his sales 20%, and then take his travel budget away from him.

The company that crawls into a corner these days may never get out of it. The company that keeps slugging it out, will be the first to come back, and you will take industry positions away from the guy who panicked when the going got a little rough.

Just the other day, I read the results of a survey which showed that manufacturing companies expect their sales to increase by 20%, on the average, between now and 1961. The corollary of this forecast was interpreted as meaning that if this 20% gain is achieved, the utilization of plant and equipment in industry will rise from 78% at the end of 1957 to nearly 85% by 1961. Now, 85% utilization is considered to be an unfavorable high point, because right here is where pressure on costs begins to mount, as less efficient facilities are placed in service.

Now Is the Time to Invest

The surveyors, then, state that now is the time for any individual company to begin planning and acting in anticipation of such a welcome expansion of its markets over the next three years. The present time is favorable, they say, because:

(1) If you wish to begin to build up, or replace, plant and equipment in anticipation of an appreciable sales gain, machinery,

Lockheed Management answers your questions about:

Lockheed's Diversification

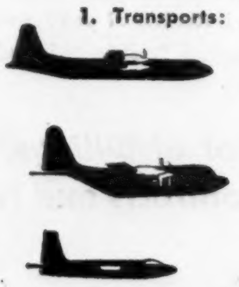
1. How many types of aircraft and missiles is Lockheed manufacturing or developing? What other activities is Lockheed engaged in?

Lockheed, long noted for its wide diversification, now has more projects in production or development stages than at any time in its history—thus increasing our resiliency and ability to adjust to changing conditions in the years ahead.

Lockheed Aircraft Corporation is composed of a team of autonomous operating divisions—each one specializing in certain fields and independently active in a multitude of endeavors that make up today's air/space industry. Lockheed's versatility in management and technical skills is, we believe, unrivaled in the field of flight.

Here is a partial list (restricted for security reasons) of Lockheed projects which are now in production or development stages:

MANNED AIRPLANES



1. Transports:
- Passenger piston Super Constellation
- Cargo piston Super Constellation
- Passenger prop-jet Electra
- Airfreighter prop-jet Hercules
- Utility jet JetStar
- Prop-jet in-flight refueling tanker
- Prop-jet troop, missile carrier
- Prop-jet photo-mapping, air rescue
- Prop-jet drone launcher director
- Chemically-powered logistics
- Jet/prop-jet special air missions
- Supersonic jet transport study

2. Fighters:
- F-104A-C air superiority jet Starfighter
- F-104B-D two-seat jet Starfighter
- Jet all-weather interceptor
- Jet unmanned
- Jet fighter-bomber
- Close support attack

3. Trainers:
- T-33A jet
- T2V-1 jet SeaStar
- Jet and prop-jet navigational
- Jet and prop-jet electronic counter measure

4. Patrol Planes:
- P2V-7 piston-jet anti-submarine Neptune
- WV-2 & WV-2E piston flying radar stations
- P3V-1 prop-jet anti-submarine Electra
- Prop-jet flying radar station

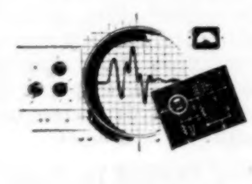
5. Research Planes:
- U-2 high altitude
- P2V equipped for International Geophysical Year

6. Nuclear Plane:
- Nuclear-powered strategic bomber design
- Nuclear-powered logistics, patrol designs

MISSILE PROGRAMS

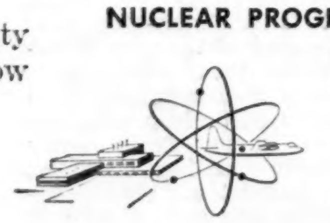
1. Navy Polaris missile system
2. Earth satellite
3. Army Kingfisher target service
4. XQ-5 Air Force test drone
5. X-7A Air Force ram-jet test vehicle
6. Navy flight test rocket vehicle
7. Anti-Intercontinental Ballistic Missile (study program)

ELECTRONIC DEVICES



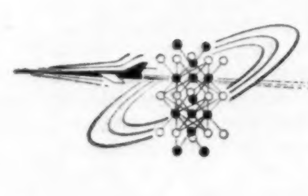
1. Telemetering equipment
2. In-flight recording devices
3. Training aids and simulators
4. Solid-state electronic devices
5. Data-link systems
6. Radar and beacon systems
7. Data reduction equipment
8. Antenna development

NUCLEAR PROGRAMS



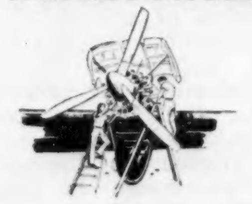
1. Testing of nuclear devices
2. Industrial reactor design
3. Nuclear propulsion for missiles
4. Radiation effects on aircraft systems, equipment, and materials
5. Radiation shielding
6. Radioisotopes for industry

RESEARCH PROGRAMS



1. Man in space
2. Space communication laboratory
3. Ion propulsion
4. Gas dynamics under magnetic influence
5. Computing machine memories
6. Very high-speed aerodynamics
7. Human engineering and crew fatigue studies
8. Noise suppression
9. Materials and processes
10. Boundary layer control
11. Jet thrust reversal
12. Electromagnetic wave propagation and radiation
13. VTOL and STOL designs
14. Operations research and analysis
15. Chemically-powered supersonic bomber design

AIRCRAFT MODERNIZATION AND SERVICE



1. Maintenance, overhaul and servicing
2. Repair
3. Modification
4. Electronics maintenance and overhaul
5. Missile field service support

AIRPORT SERVICES

1. Operation
2. Aviation fuel distributorship
3. Maintenance base operation

parts, and materials are much more readily available now than they are when the economy is in a real boom.

(2) With lower interest rates, and less competition for loans now, it is both easier and cheaper to borrow money to finance equipment and construction.

(3) The labor supply will be tight in the future, so now is the time to anticipate this situation by installing more efficient equipment to increase labor productivity.

(4) The cost of plant and equipment probably will rise in the future.

Many economists believe that the time between now and 1961 constitutes a period between two booms. They don't mean that 1958, 1959 and 1960 will be recession years, but a period of slower growth. I don't know whether this will prove to be true right down to the exact years, but it sounds logical when it is said that these three years are transition years between "the postwar boom based on deferred demand" and "a new boom in the 1960's based on dynamic population growth and a revolution in technology."

At any rate, here we have three important factors for which marketing management must be prepared: the prospect of a great increase in the Gross National Product, the contributions of science and engineering in dazzling new ideas and improved products, and the prospect of a boom of undreamed-of proportions in the years ahead.

Marketing management in each company must make certain that its company will be in a position to take advantage of the era that is to come. These are the "New Horizons in Marketing."

Rauscher, Pierce Co. 25th Anniversary

DALLAS, Texas — Rauscher, Pierce & Co., Inc., dealers in stocks and bonds, celebrated their 25th Anniversary, Aug. 1. Today the firm maintains 11 offices in Austin, Fort Worth, Harlingen, Houston, Lubbock, Midland, Odessa, San Antonio, Tyler and Fayetteville, Ark., in addition to the main office in the Mercantile Dallas Building.

Seven of the original twelve persons associated with the firm are still with Rauscher, Pierce & Co., Inc., today. They include: John H. Rauscher, President; Charles C. Pierce, Vice-President, Dallas; Louis J. Kocurek, Vice-President in charge of the San Antonio office; Mrs. Lucile Ferguson, Assistant Secretary, Julian Bobo, Munson McKinney, J. Sidney Stone, all associated with the home office in Dallas.

A. T. Brod Partner

On Aug. 15, A. T. Brod & Co., 120 Broadway, New York City, members of the New York Stock Exchange, will admit Barrie Lester Beere to partnership.

Townsend Heads Resort Airlines

The election of Morris M. Townsend as President of Resort Airlines, Inc., was announced by Gen. Thomas B. Wilson, Chairman of the Board and Chief Executive Officer. He succeeds Harold L. Graham, Jr. Resort is the largest commercial carrier of military freight in the nation.

Morris M. Townsend

Mr. Townsend is also President of Townsend Investment Company, which owns 83% of the common stock of Resort.

During the war years, Mr. Townsend served the U. S. Treasury as National Director of Banking and Investment of the Savings Bond Division.

Mr. Townsend is broadly experienced in organization and management of industrial corporations and has served as a director of Flying Tiger Line, Inc., Advance Industries, Inc., American La France Foamite Corp., Axe Houghton Stock Fund, Inc., Axe Science & Electronics Corp., Modern Engraving and Machine Company, Vitro Corp. of America and others. Mr. Townsend is now President and Director of the recently announced Townsend U. S. & International Growth Fund, Inc.

Billups Eastern Pet. Securities Offered

Public sale of $2,500,000 of 7% debentures, due July 1, 1993 and 50,000 shares of common stock of Billups Eastern Petroleum Co., offered in units, and an additional 600,000 shares of the company's common stock, was made on Aug. 1 by a syndicate managed by The Johnson, Lane, Space Corp. Both offerings have been oversubscribed and the books closed.

Each unit, consisting of $1,000 principle amount of debentures and 20 shares of common stock, was priced at $1,000, while the 600,000 shares of common stock were offered at $5 per share.

Net proceeds from the financing will be used by the company and its subidiaries for the acquisition of substantially all of the assets of predecessor companies in the States of Florida, Georgia, North Carolina and South Carolina. As of March 31, 1958, the book value of the assets to be acquired (excluding inter-company claims) was $4,644,254, and the amount of liabilities to be paid or assumed (including accruals for Federal and State income taxes but excluding inter-company liabilities) was $2,003,727. The predecessor companies engage in the distribution and sale of gasoline and oil products, automobile accessories, and other retail merchandise.

The debentures will be redeemable at optional redemption prices ranging from 105% to 101%, plus accrued interest. They will also be redeemable through the sinking fund at par and accrued interest, on Jan. 1 in each year beginning with 1960.

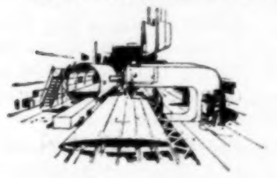
Form Winterhalter Co.

JACKSON HEIGHTS, N. Y.—Harold E. Winterhalter is engaging in a securities business from offices at 35-15 Leverich Street, under the firm name of Harold E. Winterhalter & Co. Mr. Winterhalter was formerly with Empire Planning Corp. and Kidder, Peabody & Co.

MANAGEMENT SERVICES

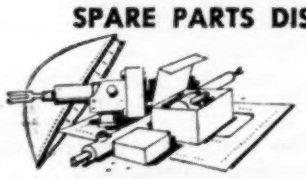
1. Airport management consultation
2. Aircraft production licensing and technical assistance
3. Aircraft/missile flight and ground crew training
4. Computer time
5. Nuclear operations management

MANUFACTURING SUBCONTRACTING



1. Tool design and manufacturing
2. Fabrication
3. Assembly

SPARE PARTS DISTRIBUTION



13,000 parts for commercial planes alone — in five U. S. depots.

HANDLING EQUIPMENT

1. Passenger/cargo loading bridges
2. Aircraft/missile maintenance and ground handling equipment
3. Aircraft/missile test and checkout equipment
4. Mechanized cargo loading systems
5. Aircraft/missile flight and maintenance training aids
6. Aerial delivery systems

2. Is Lockheed's diversification paying off in increased sales and profits?

Yes. And it will continue to. Our drive for diversification in the past decade has brought significant sales in many new fields. Let's look, for example, at several areas in which we have expanded vigorously:

Missiles and satellites—first contract 1946... total sales through mid-1958: $289 million ...expected 1958 sales: over $200 million.

Nuclear energy—first contract 1951...sales through mid-1958: over $10 million.

Government research and development—from less than $6 million in 1947 to $26 million in 1957. Total postwar research sales: $157 million.

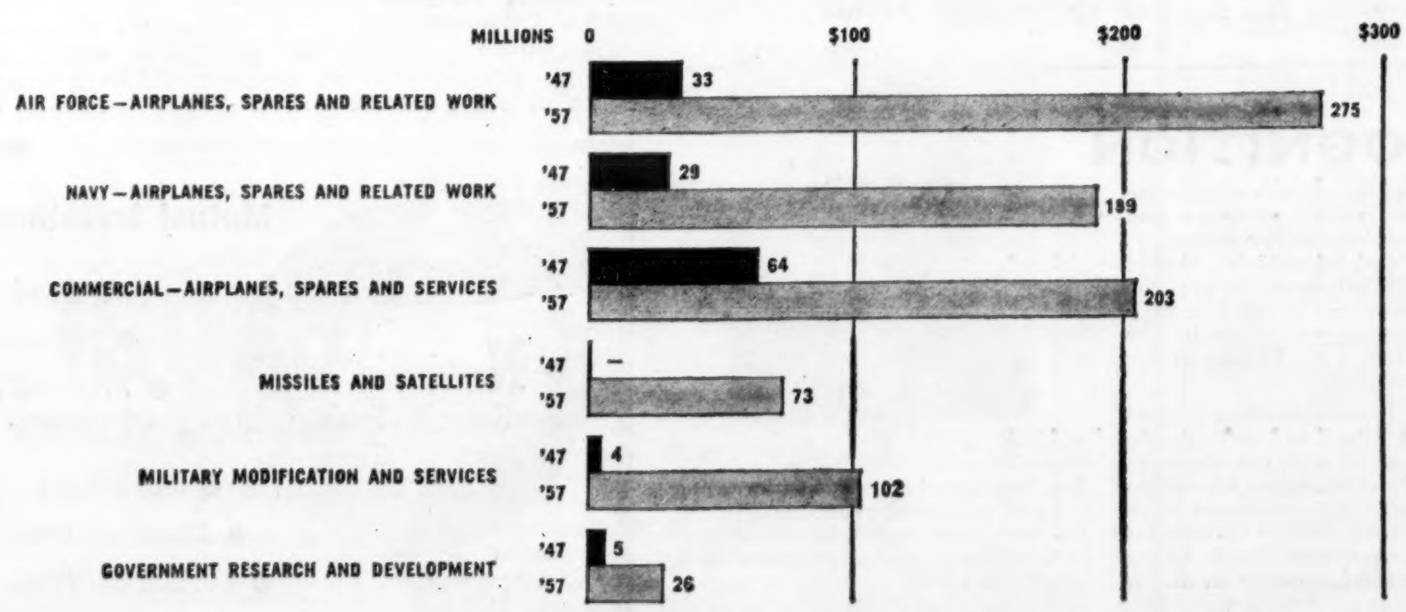
Airborne early warning—first radar picket plane flew in 1949...sales through mid-1958: $385 million.

Military modernization and service—1947 sales: $3 million...sales in 1957: $102 million.

Trainers—first trainer flew in 1948...sales through mid-1958: $506 million.

Out of the many advanced projects we are now developing will come exciting new contributions to human knowledge—and sales from sources undreamed of a few short years ago: commercial applications of missile and space travel technologies...radically new supersonic jet transports...harnessing of nuclear energy for industrial use...electronics applications... or from the whisper of an idea as yet unborn.

LOCKHEED DIVERSIFICATION: A COMPARISON OF 1947 VS. 1957



TOTAL SALES, 1947: $135 MILLION TOTAL SALES, 1957: $868 MILLION

LOCKHEED *means leadership*

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Continued from first page

Funds Still Cautious Midst Rising Market

latter, 51.6% versus 48.4%. In the immediately preceding quarter this proportion had been 40.8% in defensives versus 59.2% in commons.

The continuation of a defensive attitude is also to be noted from our Summary Table on page 22, showing that the largest group of managements, comprised by the open-end stock funds, increased their cash positions; further that the proportion of the assets of all 79 companies allocated to cash and defensive securities remained practically unchanged at about 20%.

Of the closed-end companies, 5 bought commons on balance, with 6 being net sellers and 1 management about matching its transactions, and another (U. S. & Foreign) completely abstaining from activity. This picture manifested approximately the same attitude as in the preceding quarter. A net buying balance of commons occurred in the larger companies, including Tri-Continental, Lehman, and Pennroad.

Considerable additional buying, necessarily not available in our tabulation covering the period ended June 30, undoubtedly occurred as a result of the initiation during the quarter of several new funds such as gigantic One William Street, under the sponsorship of Lehman Brothers, which began operations on June 2 with $185 million of newly - raised funds.

The first portfolio reports of the newcomers, including Lazard Fund, which started to put its newly-raised $118 million to work immediately after the end of the quarter, will be scrutinized with great interest as of Sept. 30 next. The importance of their impact on our Great Bull Market, including the sacrosanct blue chip area, can hardly be overestimated.

In this connection it is interesting to note that purchases by investors of new shares in the open-end investment companies totaled $364 million during the past quarter; with the combined net assets of the open-end and closed-end companies now up to the $12 billion mark. Accumulation plans opened by investors for the regular monthly or quarterly acquisition of open-end shares rose to 57,102 during the quarter. Likewise demonstrating the increasing control of investment companies over the public investors' funds is the disclosure that the listed shares of Tri - Continental, the largest closed-end company, were top choice during the first half of the year among the 1,200 stocks available through the New York Stock Exchange's Monthly Investment Plan.

Some Bulls

Particularly great bullishness, evidenced by a comparatively high proportion of net purchases of equities, was demonstrated by National Securities Stock Series, Dreyfus Fund, Axe - Houghton Fund "B," Axe-Houghton Stock Fund, Boston Fund, Broad Street Investing, Institutional Foundation Fund, Investors Mutual, Loomis - Sayles, Massachusetts Life, New England, Stein Roe & Farnham, Value Line, Wellington, de Vegh, Fidelity and Fundamental Investors, the savings banks-owned Institutional Investors Mutual Fund and M. I. T.

As a result of their activities during the quarter, the proportion of net assets invested in risk securities increased in the case of de Vegh from 80.9% to 93.3%, at Fidelity Fund from 88.2% to 93.1% (via large-scale liquidation of its longer-maturity government bonds) and at National Securities Stock from 94.4% to 98.2%.

The Bears

Substantial net sellers of equities included Eaton & Howard Stock Fund, Knickerbocker, Mutual Investment Fund, George Putnam Fund, Affiliated Fund, Dividend Shares, Incorporated Investors, Investment Co. of America, State Street, Adams Express-AIC, American European, General American Investors and Niagara Share. Eaton & Howard Stock reduced its common stock proportion from 83% of net assets to 78½%; Incorporated Investors scaled down its equities from 93% to 89.3%, with liquidation heavily concentrated in Bridgeport Brass (20,000 shares), Goodrich (90,000), Koppers (30,000), Magma Copper (42,000), National Lead (98,800) and New Jersey Zinc (50,000), and with partially offsetting acquisitions centered in insurance stocks (Aetna Life, Fireman's Fund, and Travelers) and short-term corporate notes. Mutual Investment Fund reduced its equity holdings from 66.6% of net assets to 58.4%; and Knickerbocker sold its common stock holdings from 82.8% down to 67.6%.

* * *

The International Oils Pre-Iraq

During the period of Middle East tension preceding the Lebanon-Iraq crisis, the international oils enjoyed the full confidence of most managements. Royal Dutch continued as the most popular of any oil issue, with 13 managements buying and only 3 sellers; followed by Texas Company, with 10 buyers and 5 sellers; Standard of New Jersey, with 8 buyers against 4 sellers; Gulf, with 7 against 3; and Standard of Indiana, now also branched out into Middle East commitments, with 7 buyers and only 1 seller.

Post-Iraq Policy

A survey undertaken by us of investment managers' policies regarding the international oil issues since the advent of the new Middle East crisis which occurred after the close of the quarter under review, naturally indicates somewhat more ambivalence in their attitudes. On the one hand, in some quarters confidence in the long-term prospects is being fully maintained. For example, in answer to our query, Harry I. Prankard, President, Affiliated Fund and American Business Shares, said:

"Our position with respect to the international oil companies has not been changed by post-Iraq events. With respect to those with large reserves in the Middle East, we believe that the need of the Arabs for oil revenues and Europe's need for oil will prevent any long-term stoppage of the oil flow, but we also believe that as time goes on, an increasing share of the revenues will go to the Arab countries."

Likewise reassurance, if with some qualifications regarding earnings was expressed to us by Henry J. Simonson, Jr., President and Chairman of the Board, National Securities & Research Corporation:

"Oil from the Middle East will continue to flow as it has during the entire political crisis. The reasons: Industrial Europe needs this oil and the Middle Eastern governments need the revenue. The only change I foresee is an adjustment in the 50-50 profit-sharing pattern in favor of the oil producing countries. This probably would have occurred even without a political crisis. The obvious result will be a decline in net income from Middle Eastern operations. However, practically all the leading companies operating in the Middle East belong to the group of 'International Oil companies' with interests in all important oil producing territories the world over. Revenue declines in one section are likely to be offset by improved returns from others. Nationalization of the oil industry in the Middle East is not an immediate prospect."

On the other hand, a somewhat more gingerly approach is manifested by Milan D. Popovic, the President of the Blue Ridge Mutual Fund, who tells us:

"Diversified portfolios can include the international oil stocks despite constant alarms and excursions about the Middle East oil as long as their prices do not include exploitation of these properties beyond a few years. We know that there is constant change in the complexion of this matter, not only politically but economically, due to world wide over-supply of oil, so that there is certainty only of impermanency. We can take the gains but with full knowledge of the risks, and hope that agility of the managements of the respective companies will assure their continuity even after the loss of these oil reserves."

Edward A. Merkle, President of Pennroad, tells us: "There is no question but that the oil will be produced, and for the West; but with our long-existing favorable 'deal' changed to a greater share of the 'take' for the Arabs. In fact, they will probably end up with as much as the traffic will bear. Nevertheless, while the honeymoon period is over, we are retaining our holdings of international oil shares, believing that their present prices are justified in the absence of some drastic change in the situation." Pennroad's holdings include British Petroleum (39,800 shares), Standard Oil of New Jersey (20,619), and San Jacinto Petroleum (20,000).

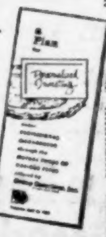
Courage is urged on the oil shareholders by Ralph E. Samuel, President of Energy Fund: "Summing up the answer to the direct question whether an investment manager should or should not sell his international oils, we must say the situation obviously is unpredictable. Speaking for ourselves, we would retain, undisturbed, international oil shares, but there may be many a shock and many a worry along the road. And perhaps it is appropriate to say that to own international oils requires stout nerves! But . . . we believe they will prove to be rewarding over the long run and we certainly would not urge their sale at this juncture. To paraphrase Mr. W. Shakespeare — insofar as the international oils are concerned— 'The course of true profits never did run smooth.'" Relying on the importance of oil revenues to the Arab's economy, and the importance of continued oil flow as Britain's life blood, this fund has retained its holdings of British Petroleum, Gulf and Royal Dutch.

D. Moreau Barringer, Chairman of Delaware Fund, reports that the Iraq revolution prompted a substantial increase in his company's investment in domestic oils. "When that revolution and the landing of the Marines in Lebanon took place, we made a substantial increase in our investment in domestic oils, including a new major position in Standard Oil of Indiana, and additional shares of others in which we were already represented. The reasoning was the obvious one that domestic output and even prices might have to be raised if Middle East supplies were restricted."

free

BOOKLET-PROSPECTUS *describes* THE COMMON STOCK FUND *of* GROUP SECURITIES, INC.

A mutual fund investing for income and possible growth through common stocks selected for their investment quality.



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Mr. Glenn H. Pryce of our firm received this coveted award for outstanding achievement during a recent six-month period. Mr. Pryce attributes his success as a salesman to his confidence in an excellent product, mutual investment funds; to Pennsylvania Funds Corporation's personalized service to its clients; to his liking of people; to the holding of face-to-face interviews; and to hard work. We, friends and associates of Mr. Pryce . . . 368 registered representatives . . . who have found opportunity and security in the selling of mutual investment funds, congratulate him.

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NATIONAL SECURITIES & RESEARCH CORPORATION
Established 1930
120 Broadway, New York 5, N. Y.

The company's total oils now amount to 16% of the portfolio, with important holdings of the internationals including Gulf, Royal Dutch, Standard of California, Standard of New Jersey, and Texas.

* * *

Preachers of Caution

Resolute expressions of caution include this quarter-end message from George Putnam, Chairman of the Trustees of the fund bearing his name: "Our current investment policy can best be described as one of caution over the near term and extreme care in the selection of new investments. Holdings of common stocks were reduced slightly during the quarter and reserves of cash and government bonds increased . . . The future calls for more than average care in the selection of investments." This fund's eliminations included Allegheny Ludlum, Cities Service, Crown Zellerbach, General Telephone, Kennecott, Martin, Phelps Dodge, and Texas Utilities.

"It will require a vigorous recovery in business to justify the present level of stock prices," say Messrs. Johnston and von der Heyde of the Johnston Fund. "With the resiliency of the American economy, and the dynamic growth forces which are still present, such a vigorous improvement will come—but it now appears that it may take somewhat longer to materialize than many people apparently now expect. . . . Substantial reserves are still held in view of the high level of stock prices relative to current earnings, and the critical situation in the Middle East. The latter increases the inflationary potential already existing in our domestic economy—but this is an unpredictable situation. It injects the risk of untoward developments against which a balanced position is the best insurance."

Likewise soberly, says Emerson W. Axe: "Earnings of many corporations showed substantial declines in the first quarter of 1958 and the second quarter may be a little worse. This and the uncertainty concerning the time and extent of the next recovery make a conservative investment attitude still desirable. Even more important is the fact that at their lowest recent levels stock prices have not given much weight to the business decline."

"Our analysis of investment values leads to the conclusion that common stocks are very high whether based on current and near term earnings or their relationship to bond yields," warns T. Rowe Price. "Again inflation sentiment is in the ascendancy, stock prices have advanced sharply, and bond prices have been weak.

Continued on page 23

Changes in Common Stock Holdings of 59 Investment Management Groups

(April-June, 1958)

Issues in which transactions by more than one management group occurred. Issues which more managements sold than bought are in italics. Numerals in parentheses indicate number of managements making entirely new purchases or completely eliminating the stock from their portfolios. *(Purchases shown exclude shares received through stock splits or stock dividends. Changes through mergers also disregarded.)*

—Bought— No. of Trusts	No. of Shares		—Sold— No. of Shares	No. of Trusts
		Agricultural Equipment		
5(2)	17,000	Deere	38,000	5(1)
5	20,200	International Harvester	1,000	1
		Aircraft and Aircraft Equipment		
6	28,400	Bendix Aviation	28,400	3(2)
6(2)	55,279	Boeing Airplane	10,000	1
4	3,500	Douglas Aircraft	19,300	4(4)
1	1,570	Garrett	3,700	1
3(1)	17,500	General Dynamics	40,000	3(2)
5(3)	40,900	Lockheed Aircraft	42,000	2(2)
3(2)	22,500	Martin	7,500	1(1)
1	500	McDonnell	4,500	1(1)
6(1)	44,600	North American Aviation	1,000	1
7	51,700	United Aircraft	43,320	5
None	*None*	*Aerojet-General*	*5,500*	*2(1)*
1	*14,100*	*Curtiss-Wright*	*27,200*	*3(1)*
		Airlines		
6(4)	92,500	American Airlines	17,000	2(2)
1(1)	5,000	Eastern Air Lines	200	1
3(2)	62,200	Pan American World Airways	28,500	2(2)
4(3)	14,700	United Air Lines	20,000	1(1)
		Automotive		
10	75,100	General Motors	15,300	4(1)
2	*13,500*	*Chrysler*	*170,500*	*5(4)*
3(1)	*29,100*	*Ford*	*95,400*	*7(4)*
		Automotive Equipment		
1	4,500	American Bosch Arma	1,500	1(1)
4	15,800	Borg-Warner	500	1
1(1)	500	Clark Equipment	5,000	1(1)
3	10,600	Dana	None	None
1	1,000	Kelsey-Hayes	3,000	1
1	400	Midland-Ross	1,000	1(1)
2	2,700	Stewart-Warner	None	None
3	12,400	Thompson Products	8,500	3(3)
2	32,200	Timken Roller Bearing	5,000	2(2)
None	*None*	*Murray Corp. of America*	*42,600*	*2(2)*
		Banks		
2(1)	5,500	Chase Manhattan	1,000	1(1)
3	7,500	Chemical Corn Exchange	2,500	1
2	12,000	First Bank Stock	20,000	1
1(1)	200	First National Bank of Chicago	500	1
2	2,000	First Nat'l City Bank of N. Y.	5,000	1(1)
1	900	Irving Trust	2,348	1
1	1,000	Manufacturers Trust	3,100	1
2	11,200	New York Trust	None	None
2	7,250	Security-First Nat'l Bk. of L. A.	None	None
1	*10,000*	*Marine Midland*	*6,700*	*3*
		Beverages		
4(4)	33,100	Coca-Cola	None	None
		Building, Construction and Equipment		
2	69,800	American Cement	None	None
1	10,000	Armstrong Cork	12,100	1
2(1)	5,042	Bestwall Gypsum	None	None
4(2)	16,900	Carrier	8,500	3
1(1)	1,100	Celotex	4,200	1(1)
2(1)	8,200	Flintkote	3,000	1
1(1)	3,000	Georgia-Pacific	12,417	1
3	12,600	Ideal Cement	None	None
1	5,000	Johns Manville	500	1
2	4,900	Lehigh Portland Cement	5,770	2(2)
2	11,800	Marquette Cement	None	None
1	8,100	Minneapolis-Honeywell	5,000	1
4(2)	17,500	Otis Elevator	1,700	1(1)
2(1)	8,500	Penn-Dixie Cement	2,700	1(1)
1	1,000	Rockwell-Standard	18,156	1(1)
1	2,000	Ruberoid	1,000	1
2	8,000	Trane	19,800	1(1)
6	41,600	U. S. Gypsum	None	None
2	38,900	U. S. Pipe & Foundry	None	None
3(1)	8,600	U. S. Plywood	4,000	1(1)
2	3,300	Weyerhaeuser Timber	9,000	1
2(1)	3,000	Yale & Towne	101,400	2(1)
None	*None*	*American Radiator*	*50,400*	*3(2)*
1	*3,300*	*General Portland Cement*	*4,000*	*3(2)*
1(1)	*13,900*	*Lone Star Cement*	*34,500*	*3(1)*
None	*None*	*Masonite*	*4,180*	*2(1)*
1	*2,000*	*National Gypsum*	*2,040*	*2(1)*
4(1)	*7,200*	*National Lead*	*129,600*	*5(1)*
		Chemicals & Fertilizer		
3(1)	22,900	Air Reduction	None	None
5(1)	53,900	Allied Chemical	11,960	3(2)
2(1)	3,000	American Agricultural Chemical	None	None
5(2)	15,200	American Cyanamid	141,600	5(3)
2	15,500	American Potash & Chemical	None	None
2	5,200	Columbian Carbon	None	None
4(2)	9,278	Dow Chemical	6,500	3(1)
3(1)	4,550	Du Pont	16,100	3
5(2)	14,200	Eastman Kodak	None	None
2(2)	2,200	Freeport Sulphur	2,500	1
3(1)	4,300	Hercules Powder	45,500	2(1)
5(1)	70,400	Hooker Chemical*	None	None
2	2,100	Interchemical	100	1
4(1)	29,300	Internat'l Minerals & Chemicals	18,200	2
1(1)	70,000	Michigan Chemical	56,200	1
2	6,500	Spencer Chemical	1,000	1(1)
2(1)	14,400	Tennessee Corp.	None	None
2	6,700	Vick Chemical	None	None
None	*None*	*Atlas Powder*	*9,500*	*3(2)*
1	*2,700*	*Diamond Alkali*	*12,000*	*2(1)*
1	*11,400*	*Food Machinery & Chemical*	*7,500*	*3*
1(1)	*700*	*Koppers*	*30,500*	*2(1)*
4	*31,300*	*Monsanto Chemical*	*43,455*	*5(4)*
None	*None*	*Olin Mathieson*	*10,500*	*2(1)*
2	*1,612*	*Rohm & Haas*	*1,088*	*5(1)*
3	*500*	*Union Carbide*	*10,100*	*4(2)*
		Coal & Coke		
2(1)	12,700	Consolidation Coal**	17,000	1(1)
3(2)	23,700	Island Creek Coal	None	None
3	84,000	Peabody Coal	None	None

Continued on page 23

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Balance Between Cash and Investments of 79 Investment Companies End of Quarterly Periods March and June, 1958

Security Transactions by the 79 Investment Companies During April-June, 1958

	Net Cash & Governments† Thousands of Dollars —End of—		Net Cash & Governments† Per Cent of Net Assets —End of—		Investment Bonds and Preferred Stocks* Per Cent of Net Assets —End of—		Com. Stks. and Lower Grade Bonds & Pfds. Per Cent of Net Assets —End of—		(In Thousands of Dollars) Portfolio Securities Other than Governments		Of this: Portfolio Common Stocks	
	March	June	March	June	March	June	March	June	Total Purchases††	Total Sales**	Total Purchases††	Total Sales**
Open-End Balanced Funds:												
American Business Shares	3,653	3,665	13.5	13.2	35.9	33.4	50.6	53.4	None	695	None	169
Axe-Houghton Fund A	4,511	4,375	10.7	9.9	38.7	39.2	50.6	50.9	2,542	2,711	2,293	1,711
Axe-Houghton Fund B	2,415	1,702	2.7	1.9	28.0	29.2	69.3	68.9	9,037	4,382	4,978	3,815
Axe-Houghton Stock Fund	520	----	7.9	----	28.9	§28.2	63.2	§70.0	2,203	524	1,563	219
Axe Science & Electronics	1,316	19	15.8	0.2	24.0	25.0	60.2	74.8	1,707	1,889	1,685	1,889
Boston Fund	4,691	3,323	3.2	2.1	¶39.3	¶37.5	‡57.5	‡60.4	9,066	3,362	6,053	115
Broad Street Investing	1,703	3,168	1.7	2.8	20.5	18.5	77.8	78.7	4,989	3,872	4,202	2,385
Commonwealth Investment	9,787	10,330	8.3	8.2	24.0	23.6	67.7	68.2	5,177	5,023	2,375	2,107
Diversified Investment Fund	1,212	930	2.0	1.4	29.3	28.0	68.7	70.6	3,137	2,253	2,324	1,470
Dodge & Cox Fund	377	347	7.1	6.1	28.1	26.9	64.8	67.0	227	138	110	85
Eaton & Howard Balanced Fund	20,807	22,836	12.2	12.7	25.6	26.9	62.2	60.4	7,728	6,697	505	5,017
General Investors Trust	299	312	8.2	7.5	23.5	22.6	68.3	69.9	364	72	282	72
Group Securities—												
Fully Administered Fund	756	684	8.8	7.5	19.8	17.7	71.4	74.8	198	106	198	106
Institutional Foundation Fund	N.A.	506	N.A.	3.6	N.A.	N.A.	N.A.	N.A.	1,638	756	1,492	702
Investors Mutual	9,116	5,469	0.9	0.5	34.2	32.5	64.9	67.0	56,665	42,707	24,757	14,159
Johnston Mutual Fund	448	474	7.6	7.4	32.0	32.3	60.4	60.3	599	382	324	157
Knickerbocker Fund	377	2,426	3.0	18.6	14.2	13.8	82.8	67.6	588	2,761	588	2,761
Loomis-Sayles Mutual Fund	10,985	11,549	18.5	18.0	32.7	30.2	48.8	51.8	4,194	3,112	3,057	1,687
Massachusetts Life Fund	2,673	2,636	7.2	6.6	31.4	30.0	61.4	63.4	3,744	876	1,234	306
Mutual Investment Fund	866	2,648	5.0	13.6	28.4	28.0	66.6	58.4	1,146	1,758	575	1,527
National Securities—Income	1,803	1,028	3.4	1.8	7.8	7.5	88.8	90.7	3,078	1,825	2,463	1,653
Nation-Wide Securities	2,017	2,080	7.3	7.0	34.3	35.0	58.4	58.0	1,670	1,172	537	726
New England Fund	1,476	1,291	10.6	9.0	30.9	28.4	58.5	62.6	1,922	1,641	1,518	1,003
George Putnam Fund	6,747	10,333	4.7	6.8	27.6	27.8	67.7	65.4	11,697	12,694	5,098	7,790
Scudder, Stevens & Clark Fund	1,666	1,260	2.5	1.8	38.7	36.8	58.8	61.4	3,876	3,712	2,293	1,293
Shareholders' Trust of Boston	401	442	2.1	2.1	35.4	35.2	62.5	62.7	2,236	1,473	1,307	776
Stein Roe & Farnham Fund	1,731	2,584	7.3	9.7	36.3	29.5	56.4	60.8	2,283	1,903	2,240	752
Value Line Fund	930	96	11.2	1.1	15.0	4.2	73.8	94.7	2,562	1,778	2,445	773
Value Line Income Fund	1,167	1,536	1.7	2.1	6.1	5.8	92.2	91.1	12,320	10,886	10,286	9,604
Wellington Fund	56,098	58,258	8.6	8.2	27.6	28.4	63.8	63.4	49,889	27,829	31,047	26,607
Whitehall Fund	147	170	1.7	1.9	44.4	43.0	53.9	55.1	271	305	90	111
Sub-Total Open-End Bal. Funds	150,425	156,477	6.8	6.4	28.1	26.8	65.1	66.8	206,753	149,794	117,919	91,547
Open-End Stock Funds:												
Affiliated Fund	51,910	62,778	13.5	15.0	0.5	0.5	86.0	84.5	a4,728	a11,285	4,728	11,285
Blue Ridge Mutual Fund	2,554	1,941	10.1	7.2	1.0	1.0	88.9	91.8	3,405	3,015	1,993	1,345
Bullock Fund	6,654	7,373	19.8	19.9	None	None	80.2	80.1	1,651	1,211	1,651	1,211
Delaware Fund	2,845	2,539	5.6	4.6	5.6	6.4	88.8	89.0	8,374	6,695	7,561	6,446
de Vegh Mutual Fund	2,612	991	18.5	6.65	0.6	None	80.9	93.35	4,447	2,974	4,421	2,971
Dividend Shares	35,586	38,722	16.7	16.9	None	None	83.3	83.1	4,214	5,374	4,214	5,374
Dreyfus Fund	1,133	2,008	6.15	9.0	None	None	93.85	91.0	5,492	3,771	5,492	3,771
Eaton & Howard Stock Fund	15,134	21,763	17.0	21.5	None	None	83.0	78.5	8,994	2,516	2,076	2,516
Energy Fund	66	56	1.7	1.3	None	None	98.3	98.7	888	751	888	751
Fidelity Fund	10,254	3,030	4.1	1.1	7.7	5.8	88.2	93.1	24,013	10,923	22,858	5,872
Fundamental Investors	11,933	12,337	3.3	3.1	None	None	96.7	96.9	14,660	7,820	14,660	7,820
General Capital Corp.	105	111	0.8	0.8	None	None	99.2	99.2	304	142	304	142
Group Securities — Com. Stock Fund	1,251	1,836	3.7	4.5	None	None	96.3	95.5	4,481	871	4,481	871
Incorporated Investors	12,376	23,342	5.7	9.8	1.3	0.9	93.0	89.3	10,052	19,403	9,420	18,580
Institutional Investors Mutual Fund§§	2,539	2,944	7.3	7.35	None	None	92.7	92.65	2,779	None	2,779	None
Investment Co. of America	18,101	23,715	18.8	22.5	0.1	0.1	81.1	77.4	6,123	8,900	6,123	8,900
Istel Fund	1,206	1,773	10.5	14.3	5.6	4.5	83.9	81.2	1,194	1,206	789	1,069
Massachusetts Investors Trust	22,685	29,771	2.3	2.6	None	None	97.7	97.4	a21,295	a13,451	21,295	13,451
Massachusetts Investors Growth Stock	5,677	7,893	3.9	4.7	None	None	96.1	95.3	7,384	1,054	7,384	1,054
National Investors	991	786	1.5	1.1	None	None	98.5	98.9	2,242	1,455	2,242	1,455
National Securities—Stock	6,551	2,337	5.6	1.8	None	None	94.4	98.2	15,829	9,163	15,829	9,163
Pine Street Fund	732	779	5.5	5.5	9.8	11.7	84.7	82.8	955	1,067	433	858
T. Rowe Price Growth Stock	2,419	2,906	22.6	24.4	3.0	3.6	74.4	72.0	409	351	409	351
Scudder, Stevens & Clark—												
Common Stock Fund	300	408	1.8	2.2	None	None	98.2	97.8	1,928	1,176	1,928	1,176
Selected American Shares	2,204	3,507	3.4	5.0	0.2	0.4	96.4	94.6	a5,430	a5,456	5,310	5,456
Sovereign Investors	12	25	0.6	1.1	3.9	4.4	95.5	94.5	149	72	132	72
State Street Investment	16,777	18,527	11.2	11.4	None	None	88.8	88.6	6,730	8,584	6,730	‡‡8,540
Texas Fund	1,632	1,369	5.6	4.4	0.5	0.5	93.9	95.1	1,600	1,342	1,443	1,342
United Accumulative Fund	15,915	10,961	10.1	6.2	12.2	18.3	77.7	75.5	35,224	14,748	11,749	13,035
United Continental Fund	4,088	1,945	15.1	6.4	5.3	7.0	79.6	86.6	4,291	61	2,839	61
United Income Fund	7,051	4,691	4.6	2.8	2.8	6.6	92.6	90.6	13,419	6,813	3,989	4,813
United Science Fund	8,447	6,805	18.3	13.2	0.7	0.7	81.0	86.1	10,949	4,725	6,843	2,725
Value Line Special Situations	140	114	2.0	1.5	None	None	98.0	98.5	501	615	501	533
Wall Street Investing	1,169	1,350	16.7	18.0	0.3	0.5	83.0	81.5	36	197	86	197
Wisconsin Fund	1,461	1,689	12.6	13.6	9.3	8.9	78.1	77.5	None	220	None	220
Sub-Total Open-End Stock Funds	273,304	303,122	8.7	8.3	1.9	2.3	89.4	89.3	234,220	157,407	183,580	143,426
Total Open-End Funds	423,729	459,599	7.8	7.5	14.2	13.6	78.0	78.9	440,973	307,201	301,499	234,973
Closed-End Companies:												
Adams Express	2,896	4,462	3.6	5.3	0.7	0.5	95.7	94.2	438	1,797	438	1,645
American European Securities	1,133	840	6.6	4.5	¶27.8	31.3	‡65.6	64.2	2,375	2,265	167	1,089
American International	626	1,510	1.9	4.2	1.2	0.9	96.9	94.9	320	1,159	320	1,057
Carriers & General	1,676	2,045	10.5	12.1	7.7	7.2	81.8	30.7	414	759	414	759
General American Investors	3,578	4,815	6.3	7.6	1.8	1.8	91.9	90.6	179	1,456	179	1,456
General Public Service	2,643	2,319	10.3	8.3	0.2	0.2	89.5	91.5	a1,017	a757	1,017	757
Lehman Corp.	14,005	12,581	6.7	5.5	0.2	----	93.1	94.5	6,647	5,187	6,647	5,187
National Shares	1,202	689	5.6	3.0	8.4	8.9	86.0	88.1	1,572	575	740	527
Niagara Share	2,026	2,329	4.7	5.1	3.2	3.0	92.1	91.9	941	1,620	941	1,620
Overseas Securities	----	----	----	----	§10.1	§9.0	§86.0	§89.7	473	417	473	417
Pennroad Corp.	6,020	4,297	6.7	4.4	2.3	2.8	91.0	92.8	11,864	10,174	‡‡10,114	‡‡9,174
Tri-Continental	4,977	4,816	1.6	1.4	17.5	16.8	80.9	81.8	10,791	9,861	8,769	7,852
U. S. & Foreign Securities	20,087	19,293	19.4	17.4	None	None	80.6	82.6	None	3	None	None
Total Closed-End Companies	60,869	59,996	7.0	6.6	6.2	6.3	87.0	87.5	37,031	36,030	30,219	31,540
Grand Total	484,598	519,595	7.7	7.3	12.8	12.4	79.5	80.3	478,004	343,231	331,718	266,513

†Including corporate short-term notes where so included by reporting investment company. *Investment bonds and preferred stocks: Moody's Aaa through Ba for bonds; Fitch's AAA through BB for preferreds (or approximate equivalents). ¶Bonds and preferreds irrespective of quality classification. ‡Common stocks only. §In percent of gross assets. ††Cost of purchases. **Proceeds from sales. ‡‡Estimated. §§Owned by 83 savings banks, etc. in New York State. a Exclusive of corporate short-term notes.

SUMMARY

Changes in Cash Position of 76 Investment Companies June 30, 1958 vs. March 31, 1958

	Plus	Minus	Approx. Unchanged	Total
Open-End Companies				
Balanced Funds	7	18	4	29
Stock Funds	15	13	7	35
Closed-End Companies	5	6	1	12
Totals	27	37	12	76

Average Allocation by 79 Companies of Assets to Cash and Equivalent, Defensive Securities, and Risk Securities

	March 31, 1958	June 30, 1958
Net cash, etc., and Governments	7.7%	7.3%
Defensive securities (investment bonds and preferreds)	12.8	12.4
Risk securities (common stocks plus lower grade bonds and preferreds)	79.5	80.3
	100.0%	100.0%

—Bought— No. of Trusts	No. of Shares		—Sold— No. of Shares	No. of Trusts
		Containers & Glass		
3(1)	31,200	Libbey-Owens-Ford Glass	8,500	3(1)
2	7,600	Owens-Corning Fiberglas	23,800	1(1)
5(1)	23,700	Owens-Illinois Glass	1,400	1(1)
2(1)	15,000	Thompson (H. I.) Fiberglas	None	None
2	*2,000*	*American Can*	*38,300*	*7(2)*
3	*2,900*	*Continental Can*	*22,000*	*4(1)*
1	*200*	*Corning Glass Works*	*18,300*	*3*
None	*None*	*Lily-Tulip Cup*	*2,300*	*2(1)*
1	*200*	*Pittsburgh Plate Glass*	*11,700*	*4(2)*
		Drug Products		
5(2)	35,200	Abbott Laboratories	None	None
2(1)	8,000	Allied Laboratories	1,760	1(1)
3(2)	16,000	Bristol-Myers	21,500	3(1)
7(2)	14,700	Merck	25,600	6(2)
8(1)	21,900	Parke, Davis	25,300	4(1)
3(1)	13,700	Pfizer (Chas.)	1,500	2
2(1)	3,400	Smith, Kline & French	10,000	1
1	*4,000*	*Lilly (Ely) "B"*	*9,000*	*2*
1	*5,000*	*Mead Johnson*	*34,600*	*2(1)*
None	*None*	*Searle (G. D.)*	*4,400*	*2(1)*
2(1)	*1,900*	*Schering*	*9,000*	*3(1)*
2(2)	*25,100*	*Sterling Drug*	*12,000*	*3(1)*
2	*181*	*Warner-Lambert*	*3,590*	*3*
		Electrical Equipment & Electronics		
3(2)	4,600	Ampex	3,000	1(1)
1	500	Consolidated Electrodynamics	3,000	1(1)
2(1)	9,000	Cutler-Hammer	None	None
3	37,600	International Tel. & Tel.	None	None
2(1)	12,000	McGraw-Edison	2,000	1
4(1)	31,800	Philips' Lamp Works— (50-guilder shs. or equivalent)	None	None
5(2)	51,700	Radio Corporation	11,900	4(1)
2(1)	3,500	Raytheon Manufacturing	5,875	2
3	26,700	Sunbeam	16,000	3
1	12,000	Texas Instruments	500	1
None	*None*	*Beckman Instruments*	*7,427*	*2(2)*
2(1)	*1,300*	*General Electric*	*100,300*	*8(3)*
None	*None*	*Litton Industries*	*6,300*	*2(1)*
1	*500*	*Sperry Rand*	*10,000*	*2(1)*
1(1)	*7,900*	*Sprague Electric*	*8,700*	*3(2)*
1	*500*	*Westinghouse Electric*	*39,500*	*6(2)*
		Finance Companies		
3(1)	3,000	Associates Investment	8,100	1
6(3)	25,000	C.I.T. Financial	5,300	2
3	18,200	Commercial Credit	28,700	2(1)
1	5,000	Family Finance	5,200	1(1)
1(1)	3,600	Household Finance	15,000	1
2(2)	12,200	Industrial Acceptance	6,000	1(1)
2	5,700	Pacific Finance	None	None
2	1,232	Seaboard Finance	None	None
1	*3,000*	*Beneficial Finance*	*37,100*	*2(1)*
		Food Products		
2	37,400	Continental Baking	None	None
1(1)	31,400	Foremost Dairies	2,000	1
1	1,500	General Foods	200	1
1	2,000	General Mills	2,000	1
2(1)	12,520	Kellogg	None	None
2	1,500	Pillsbury Mills	None	None
1(1)	2,000	Quaker Oats	400	1
2	5,400	United Biscuit	4,600	1(1)
4(2)	24,800	United Fruit	None	None
4(1)	*29,300*	*Corn Products Refining*	*55,100*	*5(1)*
None	*None*	*Standard Brands*	*1,700*	*2*
None	*None*	*Sunshine Biscuits*	*2,200*	*3(2)*
		Insurance—Fire & Casualty		
2	1,400	Continental Casualty	None	None
1	1,141	Continental Insurance	1,700	1(1)
3(2)	39,000	Fireman's Fund	2,700	1
3	8,457	Government Employees Insur.	None	None
2(1)	2,500	Hartford Fire	None	None
4(2)	25,450	Maryland Casualty	None	None
1(1)	2,000	Northern Insurance (N. Y.)	500	1
2	3,215	Springfield Fire & Marine	1,000	1(1)
2(1)	28,500	Travelers	None	None
2	4,200	U. S. Fidelity & Guaranty	3,000	2(1)
		Insurance—Life		
2(1)	15,800	Aetna Life	None	None
2	10,410	National Life & Accident	18,000	1(1)
1	*3,000*	*Connecticut General Life*	*3,700*	*2(2)*

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Continued from page 21

Funds Still Cautious Midst Rising Market

While present indications point to an upturn in business, it appears doubtful to us that a sharp recovery in earnings is imminent, and dividends during the rest of 1958 are more likely to be reduced than increased."

Milan D. Popovic, President of the Blue Ridge Mutual Fund, adds the general warning: "There is evident a revival of optimism brought about by tangible signs that the downturn in business has been arrested and slightly reversed. We still believe, however, that a cautious attitude is the proper investment policy to follow at the present. We think that the pattern of rebuilding of profits will be quite uneven and quite disappointing; due to increasing competition and difficulty to pass on rising costs, many companies will not be able to cover their current dividend."

Knickerbocker Fund confined practically all its purchases to the textile industry. Wisconsin was among the funds that bought no commons.

Long-Term Bullish Reasoning

Typifying the argument of the market, if not the fund industry's bulls, is this statement from Edward P. Rubin, President of Selected American Shares: "The 'long term future,' in which we are primarily interested, is coming closer. 1960 is only 18 months away—it begins a decade in which a new upward surge of population is expected. That decade should also witness industrial fruition of the huge research expenditures of recent years. Your company's investment policies are based upon the conviction that near-term risks in stocks are limited in relation to the long term opportunities they afford."

Lehman Buys Big Steel

Lehman Corporation, which increased its equities on balance, included a purchase of 50,000 shares of U. S. Steel as a new acquisition; on the other hand reducing its holdings of 10 retail issues. Investors Mutual made initial commitments in 3 aircraft issues, namely General Dynamics, Lockheed, and North American Aviation; and also in IBM (4,400 shares) and Lone Star Cement; while eliminating its 25,000 shares of Chrysler and 50,000 shares of Transamerica. M. I. T. sold all its Chrysler, to the tune of 130,000 shares. State Street also liquidated motor holdings, including Ford and General Motors, along with Getty Oil and El Paso Natural Gas; and sold paper stocks while making an initial commitment in 35,000 shares of AT&T.

Policy Toward Industry Groups

The following analysis of portfolio changes, drawn from our tabulation on page 21 of transactions in nearly 450 stock issues, is based on the number of managements buying or selling, rather than on the number of shares involved.

During the past quarter, fund managements particularly favored the following groups: aircrafts, airlines, insurance, rails, steels, and oils; retail, utilities and tobaccos selectively. Interest was also displayed in coal and certain copper stocks.

Other industries in which considerable selling accompanied the buying included aluminum, building, chemicals, drugs, glass and containers, electricals, heavy machinery, natural gas, office equipment, paper and tires.

Banks, which had been prime favorites during the reactionary markets of previous quarters, lost a good deal of their erstwhile popularity, but with buying predominating. The same conclusion applies to finance companies, with increased selling accompanying some continued buying.

FAVORED GROUPS

Aircrafts Sought

Here the most highly favored stock was Boeing, bought by 6 managements, including new acquisitions by the United Funds Group (18,400 shares) and Dreyfus (15,000); the only seller being National Aviation (10,000). North American Aviation was next most highly favored, being bought by 6 managements, including Investors Mutual (26,000 newly). Also in good demand was Lockheed, acquired by 5 managements, again including Investors Mutual (17,400 newly) and Broad Street (15,000 newly), while the National Securities Group eliminated 40,000 shares. United Aircraft attracted 7 managements, including the Tri-Group (24,000); with, on the other

Continued on page 24

Join First California

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Cal.—David Bullen and Grove G. Jones have become associated with First California Company, 300 Montgomery Street, members of the Pacific Coast Stock Exchange. Mr. Bullen has recently been with Brush, Slocumb & Co., Inc. In the past he was sales manager for Walter C. Gorey Co. Mr. Jones was formerly with H. L. Jamieson Co.

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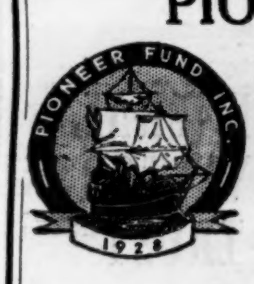

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Continued from page 23

Funds Still Cautious Midst Rising Market

hand, M. I. T. selling 30,800 shares and 4 other sellers.

Airlines Bought

American Airlines was the most popular in this group, with 92,500 shares bought by 6 managements, including new acquisitions by Fidelity (28,000) and Pennroad (25,000). Also favored was United Air Lines, bought by Pennroad, Dreyfus, Value Line, and Wall Street Investing; while the United Fund Group sold 20,000 shares. Pan American was bought by the Value Line group (35,000 newly), Selected American (16,200), and de Vegh (11,000 newly).

Insurance Issues Popular

Maryland Casualty was the best bought issue in this group, the purchasers including Investors Mutual (18,450), Eaton & Howard Stock, Massachusetts Life Fund, United Funds; with no sellers. Government Employees Insurance, the Graham - Newman sponsored organization which has been enjoying an enormous market rise, attracted 3 fund managements during the quarter, namely Wellington (7,137), Affiliated, and de Vegh. It is understood that additional acquisitions were made during the current quarter. Fireman's Fund was bought by Incorporated Investors (36,000 newly), Value Line, and Eaton & Howard Stock; 2,700 shares of this issue were sold by Loomis-Sayles. Travelers, the huge multi-line company, was bought by Incorporated Investors (26,000 newly) and Pennroad; with no sellers. In the life category, Aetna was also bought by Incorporated Investors (15,300 newly) and Commonwealth Investment.

Oils—International and Domestic

The international oils escaped substantial liquidation during the past pre-Mideast crisis quarter. In fact, as in the previous period, Royal Dutch was a buying standout, with 13 buyers, including M. I. T. (86,200), Wellington (39,950), and Investors Mutual (28,950); with only 3 sellers, of whom the largest was de Vegh who switched to the "sister" issue Shell T. & T. The next highly favored oil issue was Texas Co., likewise an "international"; buyers other than through the Seaboard Oil merger included Investors Mutual (20,100) and the Chemical Fund (8,700). Standard Oil of New Jersey attracted 8 managements other than through an exchange of International Petroleum. These buyers included Investors Mutual, Pennroad, and United Fund. Loomis-Sayles was the largest seller (9,630), with de Vegh closing out its commitment of 6,000 shares. Other well-bought oils were Standard of Indiana and Gulf. On the buying side of the former were Fidelity (49,500 newly), M. I. T. (39,000) and Investors Mutual (10,100). Gulf, the issue with the particularly heavy international stake, was bought by M. I. T. (20,000), Putnam, the United Funds Group, Affiliated Fund, and Texas Fund. Sellers included Axe "B," Dreyfus, and Shareholders' Trust of Boston. Other oil issues enjoying popularity were Standard of California, Louisiana Land, and Atlantic Refining.

Selling predominated in Phillips Petroleum, Socony Mobil (the latter by Tri, Loomis, and Selected) and in Richfield evidently by way of profit-taking.

Interest Comes Into the Rails

Seemingly stimulated by improved legislative as well as business prospects, interest lifted the carriers from their previous doldrums. Southern Pacific was bought by 8 managements, including Putnam (12,000 newly) and M. I. T. (10,000). Southern Railway was picked up by 7 companies, including Scudder and Overseas newly, and also by Fidelity, Putnam and others. Great Northern was bought by 5 managements, again with Fidelity the largest. Baltimore & Ohio was acquired by 4 companies, including Fidelity again, Dreyfus (which sold Southern Railway and Southern Pacific), and de Vegh; while abandoned by Value Line Income. Chesapeake & Ohio attracted only buyers, which included Fidelity once more, and the National Securities group. Seaboard Air Line was sold by Fundamental in a 52,000 - share close-out, with 6,000 also being eliminated by Scudder Common Stock Fund.

Retailers Bought

Allied Stores attracted 4 managements, with 2 sellers that included Lehman Corp. Grand Union was newly acquired by Incorporated Investors (12,700) and Commonwealth, with one seller. There was likewise some buying without selling in Jewel Tea, J. C.

Continued on page 25

—Bought— No. of Trusts	No. of Shares		—Sold— No. of Shares	No. of Trusts
		Machinery, Machine Tools & Industrial Equipment		
2	2,240	American Chain & Cable	None	None
2(1)	11,300	American Machine & Foundry	3,000	1
1	300	Black & Decker Manufacturing	300	1
4(1)	12,000	Caterpillar Tractor	3,500	1
3	33,000	Chicago Pneumatic Tool	30,000	2
2(1)	24,000	Dresser Industries	3,000	1
3(1)	20,000	Ingersoll-Rand	None	None
5(1)	18,600	United Shoe Machinery	20,000	2
3(1)	5,230	Worthington	1,842	1
None	*None*	*Allis-Chalmers*	*10,500*	*4(3)*
None	*None*	*Babcock & Wilcox*	*33,460*	*6(3)*
None	*None*	*Combustion Engineering*	*23,100*	*3(2)*
2	*8,000*	*Ex-Cell-O*	*14,600*	*3(1)*
		Metals & Mining—Aluminum		
4(1)	4,700	Aluminum Co. of America	10,000	2
3(1)	7,100	Reynolds Metals	14,000	1
4(4)	29,000	U. S. Foil "B"	16,000	1(1)
2	*10,300*	*Aluminium Ltd.*	*17,000*	*5(1)*
2(1)	*10,500*	*Kaiser Aluminum*	*9,000*	*3(2)*
		Metals & Mining—Copper		
7(1)	17,360	Anaconda	500	1
1(1)	3,000	Bridgeport Brass	20,000	1(1)
2(1)	6,000	Cerro de Pasco	None	None
3(2)	24,400	General Cable	1,000	1(1)
2(1)	3,300	Magma Copper	42,000	1(1)
3(2)	11,200	Phelps Dodge	20,000	3(2)
3(2)	*10,000*	*Kennecott Copper*	*21,300*	*4(3)*
		Metals & Mining—Gold		
2(1)	9,000	Dome Mines	None	None
2(2)	8,000	Homestake Mining	None	None
2(1)	30,000	Kerr-Addison Gold Mines	None	None
		Metals & Mining—Nickel		
2	3,000	Falconbridge Nickel	None	None
3	42,200	International Nickel	None	None
		Metals & Mining—Other		
2	2,800	Algom Uranium	5,200	2
4(1)	21,000	American Metal-Climax	11,600	4
5(3)	36,000	American Smelting & Refining	3,500	1(1)
3	3,080	Foote Mineral	1,020	1(1)
1(1)	500	New Jersey Zinc	50,000	1(1)
1(1)	9,600	St. Joseph Lead	9,500	1(1)
2(1)	1,500	Vanadium	4,400	2(1)
		Natural Gas		
3(1)	8,000	American Natural Gas	None	None
3	2,000	Colorado Interstate Gas	18,000	1(1)
7(4)	17,500	El Paso Natural Gas	47,500	2(1)
2(1)	20,100	Mississippi River Fuel	2,300	1
2	7,550	Northern Natural Gas	14,600	2(1)
1	6,500	Republic Natural Gas	11,100	1
3	13,000	Southern Natural Gas	None	None
3	12,200	Tennessee Gas Transmission	2,000	1
2(2)	17,700	Texas Eastern Transmission	10,500	1(1)
2(2)	8,800	Texas Gas Transmission	None	None
3(1)	23,000	Transcontinental Gas Pipe Line	6,000	1(1)
1(1)	11,400	Western Natural Gas	5,000	1
4(1)	*24,525*	*Arkansas-Louisiana Gas*	*70,100*	*5(4)*
2(1)	*4,000*	*Consolidated Natural Gas*	*78,500*	*3(1)*
1	*700*	*Lone Star Gas*	*7,400*	*2(2)*
2	*27,600*	*United Gas*	*25,600*	*5(2)*
		Office Equipment		
3	12,300	Burroughs	21,600	2
2(1)	5,700	National Cash Register	5,000	1
2	2,020	Pitney-Bowes	None	None
None	*None*	*Addressograph-Multigraph*	*2,024*	*2*
3(1)	*4,892*	*IBM*	*6,132*	*6(1)*

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—Bought— No. of Trusts	No. of Shares		—Sold— No. of Shares	No. of Trusts
		Oil		
1	1,000	Anderson-Prichard Oil	1,000	1
1	500	Arkansas Fuel Oil	7,400	1
3	57,000	Atlantic Refining	1,000	1
2	4,400	British American Oil	None	None
1	6,000	British Petroleum	15,500	1(1)
4(2)	9,400	Cities Service	23,000	3(1)
2	3,600	Continental Oil	6,000	2(1)
1(1)	10,000	Getty Oil	9,500	1(1)
7	35,200	Gulf Oil	4,050	3(1)
2	20,000	Honolulu Oil	None	None
3(1)	3,500	Kerr-McGee Oil	500	1(1)
4	16,800	Louisiana Land & Exploration	17,200	2(1)
2(1)	6,000	Mission Corp.	None	None
3(2)	59,400	Ohio Oil	2,000	1
3(1)	12,500	Pure Oil	4,000	1(1)
13(2)	188,800	Royal Dutch Petroleum	30,100	3
2	10,500	Shamrock Oil & Gas	None	None
2	8,300	Shell Oil	7,000	2(1)
2	10,600	Signal Oil & Gas "A"	7,000	1
3	39,500	Sinclair Oil	32,000	3(2)
1	2,754	Southland Royalty	2,550	1(1)
6(1)	51,500	Standard Oil of California	1,500	2
7(1)	113,102	Standard Oil (Indiana)	2,000	1(1)
8(1)	41,892	Standard Oil (New Jersey)	17,193	4(2)
1	4,500	Standard Oil (Ohio)	1,000	1(1)
3	17,200	Sunray Mid-Continent Oil	500	1
2(1)	150	Superior Oil (Calif.)	10	1(1)
10(1)	42,844	Texas Company	31,661	5
2	4,200	Tidewater Oil	None	None
3(1)	*5,200*	*Amerada Petroleum*	*4,500*	*4(1)*
None	*None*	*Hudson's Bay Oil & Gas*	*8,734*	*2(2)*
1(1)	*1,000*	*International Petroleum*	*†48,000*	*2(2)*
2(2)	*34,100*	*Phillips Petroleum*	*57,300*	*4(1)*
3(2)	*7,000*	*Richfield Oil*	*14,000*	*5(1)*
None	*None*	*Skelly Oil*	*4,000*	*2(1)*
3	*4,000*	*Socony Mobil Oil*	*36,500*	*5(2)*
None	*None*	*Union Oil of California*	*7,100*	*4(1)*
		Paper and Paper Products		
4(1)	35,500	Champion Paper & Fibre	19,200	1
4(1)	50,500	Container Corp. of America	6,100	1
2(1)	7,000	Crown Zellerbach	15,600	2(1)
1(1)	2,200	Federal Paper Board	1,000	1
4(2)	29,600	Fibreboard Paper Products	None	None
1	3,500	Great Northern Paper	2,900	1(1)
3(1)	81,400	St. Regis Paper	None	None
2	6,100	Scott Paper	None	None
2	16,000	Union Bag-Camp Paper	10,200	2
2	*1,600*	*International Paper*	*9,817*	*6(2)*
1	*33,000*	*Kimberly-Clark*	*12,200*	*3(1)*
1	*500*	*West Virginia Pulp & Paper*	*25,900*	*2*
		Public Utilities—Electric & Gas, Etc.		
2(2)	24,000	Arizona Public Service	2,000	1
2(1)	60,000	Atlantic City Electric	None	None
3(1)	20,100	Baltimore Gas & Electric	None	None
1(1)	5,000	Brooklyn Union Gas	5,000	1
1	900	Carolina Power & Light	7,750	1
3(1)	16,100	Central Illinois Public Service	22,000	2(1)
1	1,000	Cincinnati Gas & Electric	3,800	1
3	13,300	Columbus & Southern Ohio Elec.	66,100	3(2)
5(4)	19,200	Commonwealth Edison	14,500	1(1)
2(1)	8,400	Community Public Service	None	None
3(1)	28,184	Consolidated Edison (N. Y.)	None	None
3	13,500	Dayton Power & Light	None	None
2(1)	16,000	Detroit Edison	5,000	1(1)
3(1)	22,000	Gulf Interstate Gas	None	None
2	2,000	Idaho Power	14,000	1(1)
1	4,000	Interstate Power	20,000	1
6(1)	52,310	Long Island Lighting	None	None

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Funds Still Cautious Midst Rising Market

Penney and Bond Stores. Spiegel, with sharply increasing earnings, was bought newly by United Accumulative Fund (60,000), the Bullock group (5,600), and Overseas (2,000); while Value Line Income Fund closed out its 20,000 shares. Selling exceeded buying in Gimbel, W. T. Grant, Sears, and Woolworth.

Tobaccos' Popularity Continued

In the face of the persistent attacks on the industry, the tobacco issues continued well-bought. American Tobacco was the best liked, with 4 managements purchasing and none selling. An equal number of fund managements bought Reynolds; 2 bought Liggett & Myers; with 3 purchasers (including National Securities Stock with 40,000 newly) outnumbering 1 seller in Philip Morris. Profit-taking came into Lorillard, notably by Affiliated Fund to the tune of 31,600 shares.

Utilities Still Favored

The utilities maintained their popularity moderately. Most popular was Pacific Gas & Electric, which offered rights, and was bought by 7 managements, including Delaware and M. I. T., with no sellers. Other issues in the limelight were New England Electric System, which also had a rights offering and was picked up by 6 managements, including the Bullock Group with 50,000 as a new acquisition. Again with the help of rights, Long Island Lighting attracted 6 managements, including Diversified with a new acquisition of 25,000 shares, and no selling. Southern California Edison's 4 buyers included M. I. T. with 10,000, but that stock also met liquidation from 3 managements, with Wellington, Delaware and Institutional Foundation Fund making complete eliminations.

Utility issues sold on balance included Florida Power & Light (by Dreyfus, Investors Mutual, Axe, Energy Fund, Eaton & Howard Stock, and Investment Co. of America), with no buyers; Duquesne Light (sold by two, bought by none); Columbia Gas with a particularly large sale of 70,800 shares by the Affiliated Fund-American Business Shares Group; and Middle South Utilities, where five sellers overbalanced two buyers.

The fund managements' policies toward the utilities during the current quarter of inflation-spectre restimulation will be watched with great investor interest.

Coppers Favored

Midst the rally in the price of the red metal, Anaconda was strongly favored, with seven managements buying and only one selling, the former including Dreyfus (5,000 newly), Adams and American International, Selected, and others. Other issues attracting a predominance of buyers included Cerro de Pasco and General Cable. Kennecott was sold by National Securities Stock Series, Putnam, Axe, and Bullock, while being bought by Selected American, Dreyfus, and United Continental.

Revival in Coal

Interest revived considerably in the coal stocks, due largely to buying by the United Funds group, which increased or newly acquired holdings in Island Creek and Peabody. In these two issues the United Fund Group was joined by de Vegh, and there were no sellers.

GROUPS MEETING MIXED REACTION

Divergent Attitudes Toward Aluminums

U. S. Foil "B" was newly bought by four managements, with the largest transaction being Wellington's new purchase of 25,500; with the only close-out being by Dreyfus (16,000). Alcoa was bought by four managements and sold by two. Reynolds Metals was bought, with sellers predominating in Aluminium Ltd. and Kaiser.

Policies Toward Building Stocks Divided

Continuing the apparent skepticism concerning its "growth" characteristics, National Lead was sold by five funds, including a complete sell-out of 98,800 shares by Incorporated Investors and sales of 23,800 shares by the Tri-Group; whereas Pennroad made an initial commitment of 5,000 shares. American Radiator encountered only selling, by Adams-AIC and National Securities Stock. Selling also outweighed buying in General Portland Cement, Lone Star Cement, and National Gypsum. Some active buying in this group took place in Otis Elevator, bought by Fidelity, Dreyfus and

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Funds Still Cautious Midst Rising Market

others, with only one seller, the Istel Fund; and Carrier Corp., bought by Fidelity Fund and others. Of Yale & Towne, Fundamental Investors sold all its 100,000 shares.

Some Lightening in Chemicals

Midst their long-term popularity, the chemicals encountered some selling during the past quarter. Olin Mathieson was sold by Tri in the amount of 7,500 shares as a closeout, and by Delaware, while bought by none. Sellers outweighed buyers also in Monsanto, with the liquidators notably represented by the two Scudder funds (34,855); on the other hand, Chemical Fund was the largest buyer, with 14,300 shares, followed by Wellington's 13,000 shares. Other chemical issues with more sellers than buyers were Atlas Powder, Diamond Alkali, Food Machinery, Koppers, Rohm & Haas, and Union Carbide. Issues bought in this group include Allied Chemical, by Fundamental (37,000 newly), Wellington (8,400), and Investors Mutual (7,800); American Potash, by Chemical Fund; Columbian Carbon; Eastman Kodak, by Scudder Common Stock Fund, the United Funds group, Delaware, and others; Hooker, by the Tri Group (57,000), Lehman, Axe "B," and Wellington; International Minerals & Chemicals, by Value Line Income Fund, and the Atomic Development Mutual; Tennessee Corp., by Pennroad (12,800 newly). Transactions in American Cyanamid, Dow and du Pont resulted in approximate stand-offs as to the number of buyers and sellers.

Drugs Mixed

Drug issues sold on balance were Eli Lilly, by Chemical Fund and United Science; Mead Johnson, by United Accumulative (27,000) and Scudder Common Stock Fund, with Lehman Corp. being a 5,000-share buyer; Schering, by Chemical Fund and two others; and Warner-Lambert, by Pioneer, Knickerbocker, and Axe "A." Most popular issue in this group was Parke Davis with eight buyers and four sellers, the latter including Affiliated Fund with a disposal of 17,600 shares. Merck continued to find good buying, interspersed with profit-taking on the part of Selected American Shares, Wellington, Knickerbocker, Chemical Fund and Blue Ridge. New commitments in this issue were made by General American Investors and United Science. There was also fairly good buying in Pfizer, by Investors Mutual, the United Funds group, and Investment Co. of America; and especially in Abbott Laboratories, which was purchased by five managements, including Chemical Fund with 20,000 shares initially acquired.

Containers and Glass

The best liked stock in this group was Owens-Illinois Glass, with five buyers and only one seller, Chemical Fund being the largest buyer, with a 13,200-share bloc. In disfavor were American Can, sold by Affiliated, the Eaton & Howard group, Niagara Share, among others; Continental Can, sold by State Street, General American Investors, Mutual Investment, and others; and Pittsburgh Plate Glass, sold by Chemical Fund, the Eaton & Howard group, and Dreyfus, the latter in a complete sell-out.

Electricals Divided

In greatest disfavor were General Electric and Westinghouse. The former was sold by State Street (21,400) and Wellington (50,000); and the latter was liquidated by Investment Co. of America (22,000) and Dreyfus, and reduced by Scudder and others. Electricals purchased included Cutler-Hammer, by United Ac-

Continued on page 28

—Bought— No. of Trusts	No. of Shares		—Sold— No. of Shares	No. of Trusts
3	7,000	Louisville Gas & Electric	None	None
6(3)	70,642	New England Electric System	19,000	3(2)
2(1)	11,200	New York State Elec. & Gas	22,700	1
4(1)	7,500	Niagara Mohawk Power	20,500	1
3	9,100	Northern Indiana Public Service	None	None
2	10,800	Oklahoma Gas & Electric	4,487	2(1)
7(2)	24,596	Pacific Gas & Electric	None	None
1(1)	2,000	Pacific Lighting	3,500	1
2	4,000	Philadelphia Electric	None	None
2	15,000	Rochester Gas & Electric	27,300	2
1(1)	2,300	San Diego Gas & Electric	1,100	1
2(2)	9,286	Sierra Pacific Power	None	None
4(1)	15,000	Southern California Edison	72,800	3(3)
1	2,000	Southwestern Public Service	3,000	1
1	2,200	Tucson Gas, Elec. Light & Pwr.	5,000	1
2(1)	6,900	United Utilities	None	None
2(1)	24,000	Virginia Electric & Power	None	None
2	4,500	Washington Water Power	4,300	1
2(1)	6,000	Wisconsin Public Service	5,000	1(1)
2	*5,300*	*American Electric Power §*	*3,543*	*3(2)*
None	*None*	*California Electric Power*	*10,100*	*2(1)*
None	*None*	*Central & South West*	*20,500*	*3*
2(1)	*27,000*	*Columbia Gas System*	*78,000*	*4(1)*
None	*None*	*Delaware Power & Light*	*30,900*	*2(1)*
None	*None*	*Duquesne Light*	*6,500*	*2*
None	*None*	*Florida Power & Light*	*25,700*	*6(1)*
2	*3,000*	*General Public Utilities*	*24,700*	*3*
None	*None*	*Gulf States Utilities*	*8,000*	*2*
1	*13,000*	*Houston Lighting & Power*	*4,370*	*2(1)*
2(1)	*6,500*	*Middle South Utilities*	*28,694*	*5(2)*
1	*10,000*	*Ohio Edison*	*21,400*	*3*
1	*300*	*Peoples Gas, Light & Coke*	*6,200*	*2*
None	*None*	*Public Service of Colorado*	*10,341*	*2(1)*
2(1)	*38,000*	*Public Service Electric & Gas*	*54,675*	*3(1)*
2(1)	*4,000*	*South Carolina Electric & Gas*	*30,397*	*3*
1	*1,400*	*Southern Co.*	*8,800*	*3(2)*
3(1)	*32,500*	*Texas Utilities*	*35,800*	*4(1)*
1	*4,000*	*West Penn Electric*	*8,650*	*3*
		Public Utilities—Telephone & Telegraph		
15(3)	106,705	American Tel. & Tel.	None	None
1	1,200	California Water & Tel.	2,000	1
1(1)	15,000	Western Union	11,200	1
3(1)	*3,500*	*General Telephone*	*27,700*	*4(1)*
		Radio, Television and Motion Pictures		
4(1)	21,300	American Broadcast.-Paramount	7,900	1
2	4,000	Columbia Broadcasting "A"	12,700	2
2	3,800	Columbia Broadcasting "B"	2,517	2(1)
2(2)	4,300	Disney (Walt) Productions	None	None
2(1)	4,475	Magnavox	56	1
1	27,100	National Theatres	50,000	1(1)
3(2)	24,100	Twentieth Century-Fox	1,500	2(1)
2	*800*	*Paramount Pictures*	*28,900*	*3(2)*
2	*5,700*	*Zenith Radio*	*12,800*	*3(1)*
		Railroads		
3(1)	14,000	Atchison, Topeka & Santa Fe	10,300	3(2)
4(4)	67,500	Baltimore & Ohio	15,900	1
4(1)	36,800	Chesapeake & Ohio	None	None
2(1)	12,500	Chicago, Rock Island & Pacific	None	None
2(1)	29,500	Denver & Rio Grande Western	15,700	2(1)
5(2)	28,700	Great Northern	8,000	1
4(2)	6,000	Kansas City Southern	4,000	2(1)
2	4,000	Louisville & Nashville	2,400	1
3(2)	15,800	N. Y., Chicago & St. Louis	None	None
3(2)	9,200	Norfolk & Western	600	2
8(5)	34,000	Southern Pacific	2,300	2
7(2)	44,000	Southern Railway	6,000	3
3	7,500	Union Pacific	3,000	1
None	*None*	*Northern Pacific*	*3,000*	*2*
1	*3,100*	*Seaboard Air Line*	*60,000*	*2(1)*

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		Railroad Equipment		
2(1)	2,000	ACF Industries	54,000	2(1)
1	100	American Brake Shoe	500	1
2(1)	5,100	General Railway Signal	None	None
2	7,800	Westinghouse Air Brake	1,000	1
1	*900*	*General American Transportat'n*	*4,900*	*2(1)*
		Retail Trade		
4	5,000	Allied Stores	2,400	2
2(1)	4,000	Associated Dry Goods	4,500	2
2(1)	700	Bond Stores	None	None
3(1)	7,200	Federated Department Stores	7,000	2
2	4,100	First National Stores	6,000	1(1)
2(2)	15,700	Grand Union	205	1
2	2,800	Jewel Tea	None	None
2(1)	20,300	Macy (R. H.)	1,000	1
2	12,400	May Department Stores	1,000	1
3(1)	12,200	Montgomery Ward	4,000	2
1	6,000	Newberry (J. J.)	3,400	1(1)
2	1,600	Penney (J. C.)	None	None
2(1)	10,500	Safeway Stores	2,000	1
1	3,500	Simpsons Ltd.	5,000	1
3(3)	67,600	Spiegel	20,000	1(1)
1	*45,900*	*Gimbel Bros.*	*14,000*	*2(1)*
1	*1,000*	*Grant (W. T.)*	*3,000*	*2(1)*
1	*2,100*	*Sears, Roebuck*	*19,526*	*3(1)*
1(1)	*7,000*	*Woolworth (F. W.)*	*3,000*	*2(1)*
		Rubber and Tires		
1	400	General Tire & Rubber	2,000	1
3	7,700	Goodrich (B. F.)	101,700	3(1)
1	*8,200*	*Firestone Tire & Rubber*	*14,500*	*3*
4	*12,990*	*Goodyear Tire & Rubber*	*31,580*	*8(4)*
1	*500*	*U. S. Rubber*	*15,630*	*3*
		Steel & Iron		
4(2)	12,700	Allegheny Ludlum Steel	27,900	4(2)
6	77,000	Armco Steel	11,290	4
1	400	Carpenter Steel	1,400	1
7(2)	52,900	Republic Steel	21,500	4(1)
2	2,000	Signode Steel Strapping	None	None
7(2)	91,800	U. S. Steel	41,500	5(2)
7(2)	16,700	Youngstown Sheet & Tube	9,300	3
1	*11,000*	*Bethlehem Steel*	*91,600*	*7(2)*
2(1)	*8,500*	*Jones & Laughlin Steel*	*8,630*	*3*
		Textile		
3(1)	17,500	American Viscose	58,400	3(2)
3(1)	27,100	Burlington Industries	None	None
2(1)	2,500	Lowenstein (M.)	16,500	1(1)
2	6,500	Rayonier	3,000	1(1)
2	13,200	Stevens (J. P.)	3,200	1
2(1)	12,900	United Merchants & Mfrs.	15,000	1
		Tobacco		
4(1)	12,100	American Tobacco	None	None
2	11,900	Liggett & Myers	None	None
3(1)	45,000	Philip Morris	4,800	1
4(2)	19,800	Reynolds Tobacco "B"	8,000	2
2(2)	*6,200*	*Lorillard (P.)*	*34,600*	*3(1)*
		Miscellaneous		
1(1)	16,900	American Chicle	17,500	1
2(1)	10,500	American Photocopy Equipm't	None	None
2	4,920	Avon Products	40	1
1(1)	600	Buckeye Pipe Line	600	1(1)
1(1)	500	Carborundum	4,000	1(1)
2(1)	11,800	Colgate-Palmolive	16,000	1(1)
3(1)	11,200	Eastern Industries	None	None
3	5,600	Fansteel Metallurgical	2,500	1(1)
2	7,600	Gillette	None	None
2(1)	12,600	Grolier Society	600	1
6(2)	52,100	Halliburton Oil Well Cementing	27,000	4(1)
2(1)	12,000	Haloid Xerox	None	None
1	30,000	Harbison-Walker Refractories	10,000	1
2	1,600	Harris-Intertype	None	None
1	1,300	Hertz	1,000	1
3(2)	5,900	International Shoe	7,800	1(1)
1	200	Interprovincial Pipe Line	3,000	1
1	4,700	McGraw-Hill Publishing	1,400	1
4(1)	8,100	McKesson & Robbins	6,500	2
1(1)	30,000	Merritt-Chapman & Scott	5,400	1
4	5,700	Newmont Mining	11,000	1(1)
2	1,300	Outboard Marine	103,000	1(1)
4(2)	16,000	Polaroid	13,300	1
2(1)	9,600	Procter & Gamble	None	None
1	2,000	Simmons	7,500	1(1)
1	1,000	Time	6,000	1(1)
3(3)	27,000	Transamerica	55,000	2(2)
1	2,000	Wrigley (Wm.), Jr.	15,300	1
None	*None*	*Air Products*	*5,200*	*2(1)*
1(1)	*1,100*	*Brunswick-Balke-Collender*	*10,800*	*2(1)*
None	*None*	*Glidden*	*6,000*	*2*
1	*800*	*Minnesota Mining & Mfg.*	*9,000*	*2(1)*
1	*500*	*Newport News Shipbuilding*	*2,200*	*3*
1	*4,000*	*Stone & Webster*	*4,400*	*3(3)*

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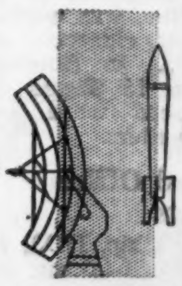

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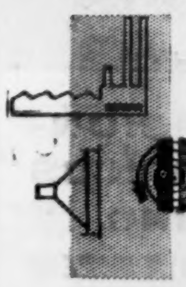

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Continued from page 25

Funds Still Cautious Midst Rising Market

cumulative Fund and Shareholders' Trust of Boston; IT&T, with Affiliated Fund the largest of three buyers (35,100). Best bought in this group was Radio Corp., with five buyers including Investors Mutual (28,200), Scudder Fund, de Vegh, and others. As in the previous quarter, Philips' Lamp Works encountered only buyers, namely Putnam, Niagara Share, Pennroad, and Energy Fund.

Heavy Machinery Mixed

Here United Shoe Machinery attracted five buyers in the face of declining earnings, including Value Line Income Fund (10,000 newly), with sellers including Investors Mutual (13,500) and Knickerbocker. There was also good buying of Caterpillar Tractor, by Fundamental, Wellington, and de Vegh; of Dresser Industries, by the United Funds group and Pennroad; Ingersoll-Rand, again by the United Funds group, and Axe "B."

There was only selling in Allis-Chalmers, by Commonwealth, and others; in Babcock & Wilcox, of which Lehman sold its entire 15,000 shares, Shareholders' Trust all of its 5,720, and Energy Fund all its 2,000 shares; and Combustion Engineering, with closeouts by de Vegh and Selected American, and a large sale by Diversified.

Natural Gas Issues Irregular

Selling predominated in Arkansas-Louisiana Gas, of which Pennroad sold its 18,500-share bloc, and National Securities Stock and Income Series all their 36,500; also in Consolidated Natural Gas, by Affiliated Fund, Investors Mutual, and Wellington; and in United Gas, by Adams-AIC. The best-liked natural gas issue was El Paso Natural Gas, which was bought by seven funds, including United Science and Shareholders' Trust. This issue, concerning which unfavorable earnings estimates have circulated since the end of the quarter, was sold by State Street (42,000 closeout), and Pennroad (5,500). In Southern Natural Gas and in Texas Gas Transmission there were only buyers, and no sellers.

Caution Toward Office Equipments

The Blue-Blue Chip, IBM, finally met some profit-taking during the quarter; notably on the part of American European (1,975) and Wellington (1,887) and some lightening during the half by the habitually inactive closed-end Boston Personal Property Trust; whereas some buying came in from the big Investors Mutual (4,400 newly). In soon-to-be-split Addressograph there were only two sellers, Investment Co. of America and T. Rowe Price, and no buyers. On the other hand, Pitney-Bowes was bought by Institutional Investors Mutual and United Science, with nary a seller.

Papers Mixed

International Paper was sold by New England Fund, Eaton & Howard Balanced, Wall Street Investing, Blue Ridge, Shareholders' Trust, and Knickerbocker; and bought only by Investors Mutual and Concord Fund. Kimberley-Clark was sold by United Accumulative, Delaware and Axe "B" and bought by Investors Mutual. West Virginia Pulp & Paper was sold by M. I. T., and closed out by Lehman and de Vegh. Buying interest predominated in Champion Paper & Fibre on the part of Axe "B" and M. I. T., while State Street was the sole seller. St. Regis Paper attracted buyers only, including Wellington (75,000 newly), Axe "B" and Delaware. Container Corp. of America was bought by Wellington (31,100), Selected, Fundamental, and the United Funds group; and sold only by Pine Street.

Rubbers and Tires Sold

Goodyear was sold by 8 managements, including Dividend Shares, Axe "B," United Accumulative, and others; with its 4 buyers including Investors Mutual and Wellington. Firestone was dumped by Wellington (10,900) and others, and bought only by Investors Mutual (8,200). U. S. Rubber found its largest seller in Fundamental Investors (14,000). In Goodrich there was an even number of managements buying and selling, but the latter included Incorporated Investors, blocking out its 90,000 shares.

Reduced Interest in Banks and Finance Companies

While there were more managements buying than selling bank stocks, the general interest so prevalent in previous quarters waned somewhat. For example, whereas in the first quarter 21,000 shares of Bankers Trust were bought, none were acquired in the second quarter. Buying of Chase Manhattan shrank from 18,500 to 5,500 shares; in Chemical Corn, from 30,500 to 7,500; in First National City Bank of New York from 54,000 to 2,000; in Irving Trust from 27,000 to 900; and in Guaranty Trust and Hanover, the previous buying completely disappeared.

Interest in finance company issues continued, but not as strongly as previously. Here, C. I. T. Financial was the most sought-after issue, with the 6 acquiring managements including Fundamental (10,000) and Selected (7,000 newly).

Activities in Miscellaneous Category

AT&T evoked remarkably strong interest, with no less than 15 managements acquiring it to the tune of nearly 107,000 shares and a complete absence of sellers. The largest single buyer was Wellington (40,000), followed by State Street, with a new commitment of 35,000 shares. General Telephone was bought by Eaton & Howard Balanced, General Investors Trust, and Blue Ridge; with 4 management selling, notably Putnam and Investment Co. of America. There was good (preseasonal) demand for Coca-Cola, buyers including Fundamental Investors, Value Line Income Fund, Investment Co. of America, and Pennroad, all representing initial commitments.

Halliburton Oil Well Cementing found 6 buying managements, including Fundamental (21,000), the United Funds group (8,000), Fidelity (9,500) and Investors Mutual (5,600); with 4 sellers, including Putnam and State Street. Eastern Industries was bought by Lehman (10,000 newly), United Funds and Johnston (who also bought the company's convertible preferred). Haloid Xerox is another of the 14 issues bought by Lehman Corp. (10,000 shares newly).

Polaroid, an interesting trading favorite with "growth" atmosphere was bought newly by National Investors (5,000) and Investment Co. of America (1,000) as well as Johnston Mutual and United Science; and sold in the amount of 13,300 shares by Fidelity.

Schroder Rockefeller Div.

The election of A. J. Bergfeld as a director of Schroder Rockefeller & Co. Inc., 61 Broadway, New York City, has been announced by Avery Rockefeller, President. Mr. Bergfeld is President and a director of Stevenson, Jordan & Harrison, Inc., management consultants, New York City.

Continued from first page

As We See It

continued, stubborn price rises and all the accompanying evils of what is known as inflation.

There are those who profess mystification over the fact that the consumer price index keeps rising. Others repeatedly insist that this is a lethargic series which takes time to respond to economic changes. But a year has elapsed since we began to slide into the current recession, and no sign of an end to the upward movement of prices has as yet appeared. And now come what was, of course, all but inevitable, a number of announcements of price increases in basic materials which can hardly fail to be reflected in finished consumer products in the course of time. Steel has caught the eye of the politician, but other commodities are behaving in a similar way. Aluminum whose uses have now become legion, and various of the other raw materials, are again moving up.

How could anything else be expected? Take a look at the record. Unit costs have inevitably risen sharply with the fall in volume. Producers had been able to absorb, in very considerable part, important elements of higher costs because they could be spread over so large an output. Wage increase after wage increase failed to be fully reflected in prices for a period of time, and profits for a while remained good. Apparently many supposed that organized labor could continue to exact greater and greater levies from employers almost without end and still leave the consumer free of the necessity of paying the piper. As soon as volume declined—and in some instances even before that—the fact that such could not be became apparent. Of course, employers can not pay out more in costs than they obtain for their product—and long stay in business.

But these higher costs, mostly labor costs, are in effect what organized labor, the social worker and the politician call "social gains"—which must not on any account be surrendered or compromised. Higher wages, shorter hours, less serious effort on the part of the wage earners, and all the fringe benefits—these are the things which the New Deal claims to have brought to the worker and these are the things that succeeding politicians have not had the hardihood to challenge. The employer has been and still is helpless in the circumstances. He has to pay, and all that he can do is to try to get back his money with a modest profit from the consumer. These are the things, too, which according to the New Deal philosophy keep depressions away and employment plentiful. These are the things that bad times must not be permitted to disturb—not even if the taxpayer must help support those who are thrown out of work by them.

The cold fact of the matter is that had it not been for astounding technological progress and the investment of billions in equipment, it would have been quite impossible for business to carry on at all in the face of the exactions of labor. It is this fact that makes a mockery of the constant comparison of wage changes with increases in what is known as "productivity." Gains there have been in output per manhour, of course, but they have cost the employer money in the form of interest and other capital charges. The President—and the Lord knows how many others—have had things to say about gains in wages which exceed gains in productivity. It has never been clear to us by what line of reasoning it is concluded that labor was entitled to collect on improved productivity that expensive new machinery and equipment was responsible for, and we can not understand how labor could so collect without laying a basis for higher prices.

Of course, there was a time when such abuses as these were in one degree or another held in check by limited supplies of funds available to business. But here again the New Deal found a "solution" in the form of a new fangled equivalent of greenbacks which had for generations been discredited on all sides. Possibly it would be unfair to assert that funds out of the Reserve banks and commercial banks were and are employed by government to prevent any of these adjustments or to make certain that "social gains" in the form of excessive labor demands were not lost, but the huge deficits which now seem to be regarded as a blessing—deficits placed in the banks of the country — certainly tend to have that effect. They make it possible for such economic sins to be committed and continued at least for a considerable period of time. If the politicians do not like recent price increases they should seek the cause in their own actions during the past two or three decades.

If the authorities believe that they can take the eco-

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nomic curse off all this by numerous anti-trust suits and the like, they are sadly mistaken. Whether they can take the political curse off themselves in this way is a matter that we leave to others better qualified to pass judgment upon the matter. What we know is that, whether or not there have been abuses of the sort alleged, no such course of action gets to the root of the difficulty. We may or may not continue to have the recession still with us, but unless we mend our ways we shall continue to have mounting costs and prices.

Continued from page 5

Impressions of China

room and it was she who served our lunch. Part of the table dishes was a porcelain spoon, resting upon a piece of paper. As I was about to pick up the spoon, she nudged my elbow, pointed to the paper and made motions to show I should first thoroughly rub the spoon with it.

In many ways Peking is a beautiful city and in and around it are vast historical buildings and relics. They have been maintained and repaired with the preponderance of Chinese red paint and offer a startling and pleasing appearance. To mention just a few, the Imperial Palace within the Forbidden City, the Summer Palace, the Ming Tombs in the Ming Valley and, of course, the Great Wall itself, all go to fulfill a sightseer's and photographer's dream.

Improving Living Standard

I have been asked about the standard of living in China. It's difficult to give an understandable answer because for vast millions there is not such a thing as we know it. Man, woman and child have not risen much beyond the beast-of-burden stage. The sights one sees of the stresses, the strains, the unbelievable extent to which a human frame can be abused, leave one almost physically ill. And yet the lot of these people is better than it was, and improving. For millions more one sees contentment, happiness, and one would believe more freedom from oppression and civil strife than their previous generations have known. Corruption and graft we were told — and confirmed by people living outside the area —have disappeared. Petty theft is rare; one does not bother to lock his home. We did not bother to lock our hotel room dooms. As an example of their apparently fanatical honesty, when leaving the hotel in Canton I failed to pick up some $2 or less in change. They followed me to the station and found me after I was seated on the train in order that they might deliver this change to me.

It cannot be that the present way of life is pleasing to everyone; there are many refugees constantly arriving in Hong Kong, for example, but they can be but a flea-bite compared with the country's population of 600,000,000 people, and we should think they are mostly small farmers who are still individualistic enough to resist being brought into the cooperative farm movement. Those in authority freely state that the aim is to add slowly and patiently, yet without interruption, to the standard of living, that to try too much too quickly would be fatal, lead to inflation and endanger their whole program.

Unless the whole scene is a dream of one's senses of observation and appraisement are less than useless, then we think the vast majority of the people of China have a government they want, a government which is improving their lot, a government in which they have confidence, a government which stands no chance whatever of being supplanted. All this quite obviously indicates a poltical problem that will sear the very souls of some Western powers, and which at some stage is going to pose an overwhelming facesaving problem in more directions than one. It's difficult to believe that anything resembling war is desired in China if for no reason other than that such a development would have a disastrous effect upon the plans for improvement they are trying to bring about.

While in personal contacts we found individuals courteous, friendly, good natured and prepared to go through a generous dose of goodnatured ribbing, they are as a people exceedingly sensitive and touchy at the slightest implication of lack of confidence in their business undertakings or at sharp or belittling criticism of them as a nation or at the thought that there is or ever can be a divided China. We would caution those businessmen and men in public life who would have dealings with China to bear the foregoing ever in mind. Only undesirable results can ensue and nothing whatever can we hope to gain by ignoring these sensitive areas in the Chinese character.

Strategic—Goods Embargo

The so-called strategic list of prohibited exports adopted by some nations has become in Chinese eyes almost ridiculous. So far as we can see (always with the exception of really strategic materials) about all that is happening so far as China is concerned is that annoyance is created, the goods are forthcoming from some other source, progress is not being seriously retarded, and ironically, a great long-run benefit may be conferred upon the Chinese by forcing them to make things for themselves.

One highly placed person, not resident in China but thoroughly familiar with Chinese people, made the statement to me that the capacity of the Chinese to learn and perform is governed entirely by the teaching capacity of others who would undertake to instruct them. Their thirst for knowledge is now great, and a visit to the University of Peking shows a lot of eager and enthusiastic students. A similar attitude, we were told, prevails in other seats of learning. As far as education of the masses is concerned, they have a long, long way to go. Steps are now afoot to change the Chinese characters to the Roman alphabet which is in general use in the Western world, and it is believed this will be a tremendous help in the educational process. There seem to be many professors of political economy around — and many students. We twitted one professor with the gibe that no doubt he found Adam Smith and John Stuart Mill among his mentors. Laughingly he replied, "Well, their theories are not exactly popular with us at present."

Matter of Private Business

One innovation in economic organization has resulted from the liquidation of the Kuomintang. Businessmen who were "clean" or free from entanglement with this organization have been allowed to maintain their financial interest in the business and receive 5% on their capital, even though the enterprise may be managed by state-appointed personnel. If the owner of the business is appointed manager he will, of course, receive the regular state salary for his type of managerial service plus the 5% return on his investment. Here we have joint private —state enterprise which should be of interest to all students of comparative economic organization. How long this hybrid will persist, one cannot say. But I understand that the private rights involved may be bequeathed or transferred; and, if this is true, the joint private-state type of enterprise may last for generations to come.

The all-important matter of Trade was constantly coming up, and listening to the Chinese side of the story and to the outside phase of it, none of which incidentally came from traders, we are frankly a little confused.

One thing is certain — China needs a multitude of things and is most desirous of trading. It would be a waste of time for us to try to cover this field in a report of this kind. Any Canadian exporter who wants to trade with China—and if he is conscious of his own interests and is farsighted enough to realize his responsibilities to our Canadian economy—can readily obtain from our Department of Trade and Commerce in Ottawa a good idea of what is wanted. The Trade Commissioners of our government who cover that area are fully conversant with the picture, and we feel we should assume they keep Ottawa headquarters fully advised.

Urges Canadian Trade With Red China

If we have anything to suggest here it is that our exporting fraternity shake themselves loose, get busy and visit China either individually or as a group, probably in the latter form initially, but keep at it. It was galling to meet and to talk with the selling forces of other Western powers, not only obviously getting business, but enthusiastic about it while our people seem to sit back and wait for a silver platter deal. Our exporters have got to learn to develop resourcefulness and to take reasonable business risks. Outside China we heard a good deal about the Chinese importing movement endeavoring to make one sided deals, about their reneging on contracts and so on; but we were unable to uncover a substantiated case. Our people should make clear the deal they want, make it reasonable and orthodox, and have a full and complete understanding of the transaction before they start — documented, if necessary, throughout. If they do this, deliver on time, and do not deviate from the terms, we should be inclined to believe they won't experience undue difficulties. This opportunity, coupled with our need for export markets, should sound a clarion call to our government to see to it that, if any Canadian enterprise should be induced by outside influence to deviate from its responsibility to the Canadian worker and to the Canadian economy by declining legitimate and clean business, drastic and immediate steps be taken to discipline any such Canadian corporation. Canada needs export trade, and it should be sought after everywhere with no interest other than the welfare of Canada involved.

Political and Other Freedoms

We had some interesting discussions relative to the new Chinese Constitution which provides for freedom of speech, right of assembly and freedom in the practice of religion. Freedom of speech, we believe, can be followed in the criticism of how things are being done in a material way, or of the people who are charged with the responsibility of doing them — but the Chinese can't be "agin the government" as we know it. Anything savoring of sedition would meet with the inevitable treatment: so perhaps freedom of speech could in our view be largely confined to the "suggestion box" principle. In this highly restricted sense it might even be welcomed by the authorities.

Right of assembly exists in the sense that crowds can immediately assemble and listen to a speaker. We saw such crowds at street corners and at country crossroads. When we asked what the spouter was dispensing, it was always a harangue on the virtues of hygiene, on the desirability of continuing to swat flies and kill mosquitoes, or on some such subject. Theoretically, we suppose one could assemble a crowd and talk about anything—but for how long we don't know. There is no Chinese "Hyde Park."

Regarding the freedom to practice religion, there could be a need for this—not perhaps out of regard for religion but because there is a political problem due to the large number of Moslem followers in addition to the Buddhists. I found Christian churches of many denominations — I also visited a Buddhist temple. On Sunday morning in Peking we heard what sounded like church bells. At first we could not believe our ears. Persistently we went down a side street from which the sound was coming, and certainly it was the sound of church bells. We found the church, a large Roman Catholic edifice, within a walled enclosure. The front court was full of children playing, the front doors were closed and again children playing and squatting in front of them, but we proceeded to a side door and found a church which could accommodate a very large congregation. Mass was in progress; the church was not full but there was a large congregation of people, devout to all appearances, young and old — male and female—very small children crawling in the aisles—older ones moving around from pew to pew. The clergy were all Chinese. We stayed for part of the service. There are other authorities more competent than I am to discuss this phase, but so far as I could find out all clergy must be Chinese and, if this is so, then perhaps "freedom" is more apparent than real. This is only an observation. Someone else, I am sure, can give a positive answer.

Unquestionably there is some subtle difference in life between China and other nations of Marxian persuasion. One feels no sense of domination, no depression, no lack of freedom in moving around and so on. Perhaps it is inspired by the courtesy, good nature and natural politeness of the people. One goes shopping as he would in Montreal—big stores, little stores, all sorts of goods. Food is rationed on a seasonal basis, we were told. In hotels and restaurants there are no restrictions. One can go sightseeing, rubbernecking the camera using at will—but must get an export permit for his undeveloped film which was a rather perfunctory procedure.

For those who have read so far no doubt a variety of impressions of life in China has been formed. Some may be favorable, even too much so, some skeptical and unbelieving. Both are wrong.

As I said at the beginning, one has to see what is going on with his own eyes before he can realize what the picture unfolds. Nobody can do so for him. China is a socialist state, a managed economy adhering to the teachings of Karl Marx with some modifications to meet Chinese reality. The State is supreme, man an instrument—therefore he can't be really free. There is none of the "Comrade" technique, there is no pretense that all are equal; on the contrary "the working class," "the peasants," are freely referred to. One is rewarded in the material sense according to his talents and his responsibilities; but the plunder, the privilege and corruption are said to be gone. One wonders what China would be like today if over the last 150 years it had moved along the lines of democratic progress instead of exploitation and corruption. The wind was sown, the whirlwind is being reaped.

Questions Our "Myopic" Treatment

As mentioned earlier, 25% of the world's population live in China; maybe in 20 years they will be one-half of the world. Their present rate of progress is beyond description — but they have, as we have said, a million miles to go before the masses have a semblance of a decent standard of living. They are moving fast, however. If one can picture a future nation of one billion people —skilled, educated, industrialized, and with a capacity for work that beggars description—the high cost economy of the West is eventually in for revision. We of the West want no part of the political and economic philosophy that governs such states—but I wonder if we had a similar experience as a people how we would feel about it? The answer seems to be clear.

Regarding the so-called "recognition" of China in the political sense, one just does not see how 600,000,000 people, which may be a billion before too long, can be given myopic treatment. I am no prophet—but a "bonnie Prince Charlie" from across the sea from Taipan seems more than unlikely. Just how face is to be saved there presents a staggering problem. There is every indication that the people of China as a whole are satisfied with their government. It seems to meet their needs and it seems to be conscious of a great job to be done to lift the standard of living and the general way of life of the masses out of the black hopelessness that has prevailed in the past.

I believe there is good and legitimate trade to be done. Other Western people are getting it. Canada will be negligent and unfair to herself if she does not get her share. She won't get it, however, without aggressive action.

Robert H. Matthews With Dean Witter & Co.

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Robert H. Matthews has become associated with Dean Witter & Co., Boatmen's Bank Building. Mr. Matthews was formerly with Scherck, Richter Company and in the past was a partner in Reinholdt & Gardner and G. H. Walker & Co.

Robert H. Matthews

With Reynolds & Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Gerald A. Peragine has been added to the staff of Reynolds & Co., 39 South La Salle Street.

Joins McKendrick Firm

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn.—Hardy D. Silverberg has joined the staff of McKendrick, Haseltine & Wilson, Inc., 114 South Ninth Street.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week — Bank Stocks

BANKERS TRUST COMPANY

At the turn of this century New York City found itself well supplied with trust companies. By 1902 there were nearly 50 of them, as they had sprung up to take care of growing personal fortunes, reorganizations, mergers, enlarged corporate needs such as registering and transferring. This work in earlier days had been taken care of by individuals, but the increasing need for the facilities meant that corporations had to replace individuals.

However, in 1903, Henry Davidson, recognizing that there was a place in the banking field for a new type of institution, took the lead in the organization of Bankers Trust Co. The organization was what its name implies, a bank for bankers rather than for the general public. Its primary function was to accept fiduciary business from national and state banks throughout the country.

Indeed, Bankers was publicly pledged to refrain from accepting active accounts other than those of a strictly reserve nature. The idea found great favor immediately. The stock was reported to be 20 times subscribed.

Later the need for a bank of such restricted scope became less because of changing conditions in the banking field, and as a result of several developments, including mergers of Mercantile Trust Co. in 1911 and Manhattan Trust Co. in 1912. Bankers in 1917 took the final step in its conversion to a commercial bank when it became a member of the Federal Reserve System, then newly organized. The trust company then entered on a period of expansion in its banking department.

In April, 1955 Public National Bank & Trust Co. of New York was merged with Bankers. Public was the successor to a private banking business that had been organized in 1905. In 1908 it was incorporated as a state-chartered institution. Essentially a neighborhood bank, it prospered, and through 1928 there had been some 13 capital changes in the form of stock dividends and issuance of new shares through rights. Capital increased sixty-fold, and further increases were made down to 1954.

Public had long maintained a large branch system and at the time of the merger had 25 offices to add to the 15 that Bankers brought to the consolidation. There are now 44 domestic offices with one in London.

At the 1958 mid-year date Bankers' total resources had grown to $3,178,558,000; loans and discounts $1,435,606,000; and capital funds $263,255,000—with 4,029,950 shares of $10 par. At the end of 1957 there were 22,469 shareholders; and about 20% of the bank's stock was held by savings banks, insurance companies, pension funds and like institutions. Bankers Trust ranks as the country's seventh largest bank.

STATEMENT OF CONDITION—JUNE 30, 1958

ASSETS—		LIABILITIES—		
Cash & due from banks	$813,769,000	Capital	$40,299,500	
U. S. Govt. securities	723,114,000	Surplus	160,000,000	
Loans	1,435,606,000	Und. profits	62,956,000	
State & munic. securities	77,390,000			$263,255,000
Other sec. & invest.	32,970,000	Dividend declared		3,022,000
Banking premises	22,643,000	Deposits		2,819,846,000
Accrued int. receivables	9,837,000	Reserve, taxes, exp., etc.		23,925,000
Cust. liab. on acceptance	59,356,000	Accept. outstanding		60,800,000
Assets dep. against bonds borrowed	3,872,000	Liability under bonds borrowed		3,872,000
		Other liabilities		3,837,000
	$3,178,557,000			$3,178,557,000

A breakdown of these assets follows:

Cash	25.6%	Other securities	3.4%
U. S. Government obligations	22.7	Banking premises	0.7
Loans	45.3	Miscellaneous assets	2.3

In the seven years ended with 1957 the bank's government bond portfolio broke down at the year-end as follows:

MATURITIES

	Up to 5 Years	5 to 10 Years	Over 10 Years		Up to 5 Years	5 to 10 Years	Over 10 Years
1951	90%	10%	---	*1955	70	24	6%
1952	85	15	---	1956	82	11	7
1953	88	9	3%	1957	87	5	8
1954	75	21	4				

*Data prior to 1955 for bankers alone. From 1955 it reflects the merger.

The bank's showing on the rate of return derived from its loans and from its holdings of securities follows:

	*Loans	*Securities		*Loans	*Securities
1951	2.70%	1.61%	1955	3.76%	1.96%
1952	3.16	1.76	1956	4.21	2.24
1953	3.35	1.92	1957	4.48	2.55
1954	3.41	1.72			

*Does not include public data prior to 1955.

This tabulation brings out the rising rates of return on the two categories. As loan volume has been on the rise generally, Bankers has benefited by greater volume of loans at higher rates.

Of course, the trend will now be reversed, but not to a degree that will cut earnings seriously. Now, volume of investments is increasing as loan totals drop.

The sources of gross income of Bankers Trust are here indicated:

	Loan Interest	Inc. from Securities	Fees, Commissions, etc.		Loan Interest	Inc. from Securities	Fees, Commissions, etc.
1951	52%	18%	30%	1955	62%	14%	24%
1952	56	16	28	1956	66	11	23
1953	58	14	28	1957	64	11	25
*1954	60	16	24				

*Pro forma, based on combined data of the two banks.

TEN-YEAR STATISTICAL RECORD—PER SHARE*

	Book Value	Operating Earnings	Invested Assets	Dividend	Price Range High	Price Range Low
1948	$48.68	$2.71	$371	$1.61	35¾	31½
1949	49.23	2.75	397	1.65	38½	31⅜
1950	50.02	2.69	420	1.82	43¼	37⅝
1951	51.85	2.95	469	1.89	49⅛	38⅛
1952	53.27	3.64	507	1.95	49¼	40⅝
1953	55.17	3.93	493	2.09	49¾	43¼
1954	57.53	4.24	524	2.23	64¼	45⅝
1955	58.83	4.73	486	2.60	67½	58¾
1956	60.25	5.02	498	2.80	68½	61⅜
1957	63.71	5.64	518	3.00	65¼	58⅜

*Pro forma giving effect to consolidation of the two banks prior to merger.

In the decade book value increased about 42%; operating earnings just doubled; invested assets was up about 28%; dividend increased approximately 86%. The gain to the stockholder (consisting of the increases in his equity plus dividends paid in the period) was $40.41 or at the annual rate of $4.04. This was 81% of the mean price range for the period.

Bankers Trust's dividend has been unbroken since organization. On the present annual rate of $3, with the price approximately 67¼, the yield is 4.47%. The shares are selling at about 11.9 times 1957 operating earnings; the 1957 rate of earnings on year-end book value was 8.9%; and that year saw only 53% of operating earnings disbursed in dividends.

Bankers' deposit ratio is about 10.7 to 1. As a measure of the conservatism of this relationship, the Commonwealth of Massachusetts specifies, at maximum, 16⅔ to 1 as one of the requirements imposed on its savings banks for the purchase of bank shares.

Continued from page 3

Trouble in the Government Securities Market

soon transmitted to other sectors of the market.

Treasury and Federal Reserve Support

After the sharp drop in prices on June 19, the Treasury immediately entered the market with large buy orders and in the following 3 weeks purchased almost $600 million of its own obligations, including $589.5 million of 2⅝'s. Of these purchases, $456 million of the 2⅝'s were retired, with the balance going into the Treasury's investment accounts. Moreover, on July 9, the Treasury took the unprecedented step of publicly announcing the details of these purchases but this news served to steady the market only temporarily, as did the announcement in the following week that Treasury financing would, for the present, be limited to issues of relatively short maturity.

In addition, the Federal Reserve engaged in large open market purchases throughout most of this period of market weakness. During June, open market purchases amounted to almost $1½ billion, the largest such purchases for a comparable period in nearly a decade. While about one-half of the reserves so provided were absorbed by the continued gold outflow and a rise of money in circulation, the remainder went to build up member bank reserves.

The large provision of reserves in the first half of June was designed in part to ease money market conditions over the tax payment date and to help provide a favorable environment for the Treasury's June financing operation. Table II shows the total sources and uses of bank reserves during the 7-week period from May 28 to July 16; it indicates that some $775 million were added to available bank reserves. During this period, net free reserves rose from a level of about $400 million early in June to about $600 million early in July.

Despite these large purchases by both the Treasury and the Federal Reserve, the downward pressure on the market persisted. The news of the crisis in the Middle East and the ensuing rush for liquidity sent the market into another tailspin. Also, it became clear that the pending Treasury financing operation was being endangered by the continued unsettlement in the market. Therefore, on July 18 the Federal Reserve announced that the range of its open market operations would be broadened to include securities other than Treasury bills. The Federal Reserve also departed from its customary practices in another respect by directly supporting the Treasury's refinancing operations.

A Lasting Change in Federal Reserve Practices?

Looking to the future, the important question is whether these changes reflect a fundamental shift in Federal Reserve thinking and mark the beginning of a "new era" in open market operations. Although the Federal Reserve has given no inkling as to its future intentions, the answer would seem to be in the negative. The recent changes may be viewed as a temporary departure from customary practices, dictated by the disorderly conditions prevailing in the Government securities market.

Suspension of "Bills Only" — The only indication of the change in practice was a terse one-sentence announcement by the Federal Reserve on July 18 which stated: "In view of conditions in the United States Government securities market, the Federal Open Market Committee has instructed the manager of the open market account to purchase Government securities in addition to short-term Government securities." This was a dramatic move in that it marks the first time that a public announcement has been made of such a change in practice.

Prior to this announcement, the System's open market operations had been conducted in accordance with a policy adopted in 1953 which provided that "operations for the System account should be confined to the short end of the market (not including correction of disorderly markets)." Contrary to a widely held view, this policy did not actually specify that operations for the System account be limited solely to Treasury bills but said only that they should be

TABLE I

Price Behavior of Treasury Issues Offered in the First Half of 1958

	Issues Offered In: February Refinancing 2½s of 1959 (Certif.)	February Refinancing 3s of 1964 (Bond)	February Refinancing 3½s of 1990 (Bond)	Feb. Cash Financing 3s of 1966 (Bond)	April Cash Financing 2⅝s of 1963 (Note)	June Cash Financing 3¼s of 1985 (Bond)	June Refinancing 1¼s of 1959 (Certif.)	June Refinancing 2⅝s of 1965 (Bond)
Date of issue	Feb. 14	Feb. 14	Feb. 14	Feb. 28	April 15	June 3	June 15	June 15
Amount of issue (in millions of $)	9,770	3,854	1,727	1,484	3,971	1,133	1,815	7,384
Offering price	100	100	100	100	100	100½	100	100
Closing bid prices:								
1st day of when-issued trading	100-10	100-11	100-12	100-19	100-15	101- 2	100-10	100-12
1st day of regular trading	100-13	100-20	101-26	100-18	100-21	100-18	100-11	100-11
May 29, 1958	101- 3	103- 6	106-10	102-26	101-10	--	--	--
June 6, 1958	101- 3	103-10	106-	103- 2	101-15	**101- 1	**100-12	**100-12
June 13, 1958	101- 1	102-30	105-27	102-28	101-10	**100-30	100-10	100- 9
June 20, 1958	100-28	102- 9	104- 8	102- 6	100-23	100- 8	100- 7	99-22
June 27, 1958	100-26	101-30	103-28	101-21	100-13	99-30	100- 4	99-18
July 3, 1958	100-24	101-25	103-22	101-14	100- 3	99-24	100- 2	99-16
July 11, 1958	100-21	101-13	102-16	100-28	99-30	99-10	99-30	99- 7
July 17, 1958	100-20	100-26	100-10	99-30	99-14	97-16	99-27	98-
July 18, 1958	100-20	100-26	100-10	99-28	99-16	97-14	99-27	98-
July 25, 1958	100-21	100-26	100-14	100-	99-26	97-22	99-29	98-11
High price*	101- 6	103-22	107- 8	103-24	101-17	101-19	100-14	100-14
Date recorded	April 7	April 21	April 18	April 21	April 18	**	**	**
Low price*	100- 8	100- 8	99-28	99-24	99-14	97-	99-27	98-
Date recorded	**	**	July 18	July 18	July 17	July 18	July 17-18	July 17-18

*Approx. prices based on BTCo trading. **Recorded during when-issued trading.

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confined to the "short end of the market." In practice, however, day-to-day operations have been limited to Treasury bills, with only two exceptions.

In November 1955, the Federal Reserve, at the request of the Treasury, purchased about $200 million certificates then being offered, in an attempt to reduce attrition. Also, early in 1957 the Federal Reserve sold certificates and notes, evidently because its holdings of Treasury bills had been depleted as the result of its then current policy of credit restraint.

Although the 1953 policy limited open market operations to short-term securities, a further statement noted that this restriction did not apply to open market operations concerned with "correcting a disorderly situation in the Government securities market." The policy in effect prior to 1953 had provided that open market operations should have in mind "maintaining orderly conditions in the Government security market."

This shift in emphasis from maintaining orderly markets to correcting disorderly markets, as well as the practice of limiting transactions to the short end of the market, reflected a desire on part of the System to allow market forces to establish the pattern of yields on various maturities of Government obligations. The Federal Reserve objective was to determine the amount of reserves to be provided to the market on the basis of its analysis of the credit and business situation, and to allow the pattern of yields to be established in the market place. In fact, the Open Market Committee noted in 1953 that "it is not now the policy of the Committee to support any pattern of prices and yields in the Government securities market."

It seems fair to conclude, therefore, that the change in practice reflected the judgment that conditions in the Government securities market had indeed become "disorderly," and that operations in maturities longer than Treasury bills were essential. Thus, recent actions are consistent with the Federal Reserve's policy laid down in 1953.

Direct Support of Treasury Financing — The recent support of Treasury financing by the Federal Reserve, however, ran counter to another policy adopted in 1953, which calls for the System to "refrain during a period of Treasury financing from purchasing (1) any maturing issues for which an exchange is being offered, (2) when issued securities, and (3) outstanding issues of comparable maturity to those being offered for exchange." The support provided to the July financing was on a massive scale. In a matter of only a few days, the Federal Reserve purchased, on a when-issued basis, $1.1 billion of the 1⅝% certificates and a small amount of maturing issues.

These purchases, huge as they were, did not ensure the success of the July financing. Of the $9 billion of maturing issues held outside the Federal Reserve and the Treasury investment accounts, some $2.8 billion, or about 30%, were turned in for cash, and the attrition would have been even higher had it not been for the Federal Reserve's support purchases.

The relation of the Federal Reserve to Treasury financing operations, of course, is and will continue to be a troublesome problem. If market conditions again deteriorate to the point of endangering a Treasury financing operation, the Federal Reserve may be expected to intervene directly, as it did recently. Beyond this, the Federal Reserve doubtless will continue to facilitate and assist Treasury financing by providing reserves to the banks to help them "underwrite" new Treasury issues. However, in the future as in the past, the Federal Reserve will probably try to avoid responsibility for establishing artificially easy conditions in the credit markets just to enable the Treasury to borrow at rates lower than otherwise would prevail, and will also try to avoid responsibility for setting the pattern of rates in the market.

Assessing the Future

The suspension of the "bills only" practice and the massive direct support of the Treasury refinancing brought the decline in the market to a temporary halt. However, during the past few days, selling pressure has again mounted and the underlying tone in the market continues to be one of widespread uneasiness. In short, developments in recent weeks, while significant, have done little to clear the atmosphere or to improve visibility as to the outlook for credit policy and interest rates.

Technical Position of the Market —One major imponderable continues to be great uncertainty as to the amount of securities still in the hands of speculators and other temporary holders. Persistent selling in the past few days confirms the fact that large numbers of these holders are continuing their efforts to unload.

TABLE II

Provision or Use of Reserves by Major Factors, May 28, 1958 to July 16, 1958

(In millions of dollars)

	—Amounts Outstanding— May 28, 1958	July 16, 1958	Provision (+) or use (—) of Reserves May 28-July 16
Routine factors:			
Float	644	1,052	+408
Gold stock	21,643	21,283	—360
Money in circulation	30,962	31,280	—318
Treasury operations:			
Treasury currency	5,201	5,202	+ 1
Treasury cash	715	693	+ 22
Treasury deposits	382	418	— 36
Subtotal			— 13
Nonmember deposits	677	711	— 34
Other Federal Res. accounts	995	1,093	— 98
Total			—415
Open market operations:			
Repurchases	---	---	---
U. S. Government securities	24,063	25,315	+1,252
Acceptances	41	40	— 1
Total	24,104	25,355	+1,251
Member bank borrowings*	173	114	— 59
Member bank reserves:			
Total	18,036	18,811	+775
Required	17,601	17,981	+380
Excess	435	830	+395
Summary of factors affecting excess reserves:			
Reserve requirements			---
Other required reserves			—380
Open market operations			+1,251
Routine factors			—415
Borrowings			— 59

*Including nonmember borrowings.

There is little doubt that there has been a speculative interest in Government securities throughout the year, and that this reached mammoth proportions at the time of the June financing, as evidenced by the fact that loans to brokers and dealers on Government securities surged to close to $1½ billion. Moreover, speculators in Government obligations obtained large amounts of credit through repurchase agreements with nonbank sources on little or no margin. Spurred by the gains realized earlier in the year, when the general level of interest rates was declining, the speculators could not resist the temptation offered by the easy availability of funds, especially when the generally held expectation in the first part of June was that the downward trend of interest rates would persist. While the volume of bank loans to finance Government securities has been pared by roughly two-thirds, it seems a fair guess that substantial amounts of Government securities are still overhanging the market.

In addition to these outright speculators, many financial institutions and business corporations have taken on longer term Government securities in the hope of realizing a capital gain. There is evidence that many of them are now reappraising their portfolio positions in the light of the changed environment in the credit markets. Efforts to shorten their holdings promise to be a further unsettling factor in the Government securities market for some time to come.

Debt Management — Recent events have already had an impact on the Treasury's decisions with regard to debt management. For example, the Treasury found it necessary to limit its exchange offer in July to one-year certificates and to announce that, for the time being, its cash financing would be confined to short-term issues. The August cash financing is being limited to the sale of $3.5 billion of tax anticipation certificates due in March, 1959.

It is obvious that the Treasury will have to confine its financing to issues of fairly short maturity until the tone in the market improves importantly. The current financing is expected to cover the Treasury's cash needs until October, thus giving a much-needed period of two months during which it is hoped the market will recuperate. However, in the final quarter of the year the Treasury will have to raise $6 to $7 billion, or more, of new money, as well as refund $12.3 billion of outstanding maturities.

It seems that the Treasury will find it necessary to ease up appreciably in its efforts to extend the maturity of the Federal debt. This means that the available supply of fairly short-term Treasury obligations will rise substantially in the last few months of the year. The extent to which this will put upward pressure upon short-term yields will depend upon the reserve position of the commercial banks at the time, since there is no doubt that they will be called upon to provide substantial assistance to the Treasury in its financing operations.

Credit Policy—As the result of the trouble in the Government securities market, the Federal Reserve since June has literally flooded the money market with reserves. Consequently, an immediate objective of the Federal Reserve will be to try to remove some of the plethora of reserves put into the market by recent support operations. Since the next Treasury financing is not expected until October, the Federal Reserve may have greater freedom of action than it has enjoyed for some time. Lightening of the System's portfolio, either through sales or by letting Treasury bills run off, may be expected to contribute to some firming of money rates.

This observation as to the near-term objective of the Federal Reserve reflects our conclusion that the departure from "bills only" and the massive direct intervention in the July refinancing were dictated by the course of events and do not reflect a basic change in Federal Reserve thinking. Certainly, there is nothing in the experience of recent weeks to support the conclusion that the Federal Reserve desires to engage in support operations on a continuing basis or wishes to assume responsibility for setting the pattern of yields in the market.

Beyond this immediate objective, the Federal Reserve's task, as always, is to adjust credit policy to the changing needs of the economy. While a departure from an essentially easy credit policy may not be imminent, important economic developments underline the need for greater caution in providing reserves than was the case even before the recent trouble in the government securities market: the economy has been displaying mounting signs of recuperating from the 1957-58 recession; sensitive commodity prices have firmed; substantial additions have been made to the liquidity of the banking system and the economy in general; bank deposits have been rising very sharply for some months; and the continuing strength in the stock market is suggestive of a resurgence of inflationary psychology and business confidence, both of which seem to have been whetted by the crisis in the Middle East.

Outlook for Interest Rates

Admittedly, we are still in a troubled and uncertain market situation and it would certainly be imprudent to take a dogmatic position on the outlook. On balance, however, as discussed above, a formidable array of arguments can be advanced to support the point of view that a significant rise in prices in the government securities market is unlikely. Furthermore, in the past, a cyclical rise in business activity has usually been accompanied by firming interest rates. Recollection of interest rate movements in 1955-57 may very well hasten the upward adjustment this time.

Unquestionably, the price corrections in the government securities markets in recent weeks have been of major proportions, especially in the case of the longer maturities. However, aside from some probable technical readjustments in the market, about the only factor in the current economic scene that gives any prospect of working importantly in the direction of lower bond yields is a prolonged subsidence in the demands for long-term funds, which, until very recently, have been running at surprisingly high levels. Only if demands for long-term funds are smaller and the upturn in business is more sluggish than generally expected, is the long-term market likely to regain much of the ground it has lost in the past two months.

With Paine, Webber

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn.—Robert J. McDonald is now affiliated with Paine, Webber, Jackson & Curtis, Pillsbury Building. He was formerly with Merrill Lynch, Pierce, Fenner & Smith in Denver.

With Fusz Schmelzle

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Harold E. Shively is now with Fusz-Schmelzle & Co., Inc., Boatmen's Bank Building, members of the New York and Midwest Stock Exchanges.

Isaac Grainger Named by Red Cross

WASHINGTON, D. C.—Isaac B. Grainger, President of the Chemical Corn Exchange Bank of New York City, has been named volunteer National Chairman of the 1959 Red Cross Campaign for Members and Funds. The announcement was made by E. Roland Harriman, Chairman of the American National Red Cross.

Isaac B. Grainger

Mr. Grainger takes over the top volunteer Red Cross campaign post from General Lucius D. Clay, Chairman of the Board of Directors of the Continental Can Co. and National Chairman of the 1958 Red Cross Campaign. General Clay has volunteered to assist Mr. Grainger as Deputy National Chairman of this year's drive.

Southwestern IBA Group to Hold Outing

KANSAS CITY, Mo.—The Southwestern Group of the Investment Bankers Association of America will have their annual outing Thursday and Friday, Oct. 2nd and 3rd, at the Oakwood Golf & Country Club, Kansas City, Mo. Cocktails and lunch at Eddy's Thursday and dinner that evening. Golf and other activities on Friday.

American Stock Exch. New Commission Rates

The member of the American Stock Exchange have voted to adopt a new schedule of commissions.

The amendment brings the American Stock Exchange's rates in line with those now in effect on the New York Stock Exchange. The new formula simplifies the present non-member rate structure and, for the first time, applies the 'money involved' theory to all price categories. The 14-day 'round trip' program now in operation on the New York Stock Exchange was also adopted.

The new rates will become effective on Aug. 26, 1958.

New Coast Exch. Member

George W. Davis, Vice-Chairman of the Board of Governors of Pacific Coast Stock Exchange, has announced the election of Charles C. Samuels, a general partner of Charles C. Samuels & Co., to membership in the Pacific Coast Stock Exchange through the San Francisco Division.

Mr. Samuels will confine his activities as a professional Trader on the Floor of the Exchange, and not do any public business.

Bache in Garment Dist.

The investment firm of Bache & Co., 40 Wall Street, members of the New York Stock Exchange, announced that it will mark its entry into the busy New York garment district in a few weeks with a branch office at 1407 Broadway. Situated on the ground floor at 38th Street and Broadway, the new branch will be Bache's sixth office in New York City.

William L. Burton II

William L. Burton II, senior partner in William L. Burton & Co. and a member of the New York Stock Exchange, passed away on July 27, at the age of 46.

Nourse Opposes Employment Act Amendments

Dr. Nourse's testimony on a House Bill to amend the Employment Act of 1946 is critical of proposed amendments. Prefers attacking the problem of inflation, if it is to be pursued by Congress, through supplementary legislation so that the Employment Act remains a general enabling act rather than one replete with special interest encumbering amendments.

Former Chairman of the Council of Economic Advisers, Dr. Edwin G. Nourse, recently testified and answered questions regarding H. R. 12785, a bill amending the Employment Act of 1946.

In his testimony at the Hearings of the Executive and Legislative Reorganization Subcommittee of the House Committee on Government Operations held in Washington, D. C., last July 21, Dr. Nourse stated:

"I should like to preface my comments on H. R. 12785 by observing that Representative Reuss, as a member of the Joint Economic Committee, was a very faithful attendant and keen participant in the recent hearings on the Relationship of Prices to Economic Stability and Growth held by that committee. This was the most searching examination that has thus far been made of the meaning of the Employment Act of 1946. It clearly revealed the nature of the dilemma of "full employment" vs. inflation. The bill now before your committee gives clear evidence, I think, of Mr. Reuss' ponderings on the meaning of testimony brought out at those hearings. His proposed amendments of the Employment Act are aimed at two specific sources of inflationary danger—soft credit and wage-price spiraling.

Edwin G. Nourse

"Inasmuch as I have myself for some years been consistently outspoken about the danger of inflation due to misinterpretation of the Employment Act, I find myself heartily in agreement with the avowed purpose of this bill. But when I come to consider the *modus operandi* of the proposed amendments, my reaction becomes adverse. I do not believe they contain promise of securing better policy leadership from the Executive Branch toward the end of national stability and growth. At the same time, I fear that opening the act for amendment at this time would lead to *ex parte* attacks on several of its fundamental features and might end in discrediting its basic purpose or weakening its operation.

Money and Credit Amendments

"The Reuss amendments would make only two additions to the present text of the Employment Act. One calls for insertion of the clause 'including monetary and credit policies' at four places in the specifications laid down as to the scope and character of the Economic Report of the President and the duties of the Council of Economic Advisers. This clause seems to me to be entirely superfluous, inasmuch as no state paper on the situation and needs of the economy and no study program by a professional advisory staff such as the Council could conceivably fail to deal with monetary and credit policies. Every Economic Report since January, 1947 has dealt with the policies and most, if not all of them, have warned of the dangers of inflation. If it appears that the monetary and credit policies of the President are ill-conceived or lacking in vigor, the remedy lies in your own hands, under the lead of any one of several Congressional committees. It is a distinctive feature of the Federal Reserve System that its Board of Governors is responsible to the Congress rather than the President.

"I would like to make one other point here: The Economic Report of the President comes out once a year, and even if he were to make a positive recommendation, let us say, for credit ease or for credit stringency at that time, circumstances might so change that a different recommendation would soon thereafter be desirable. He can, of course, send up special messages covering such a change, but it seems to me that a much better procedure is to have flexibility in the hands of the Federal Reserve System, which can change from ease to active ease or from active ease to moderate stringency and make those changes promptly according to the advice of a very elaborate and competent technical machinery that they have for watching and keeping a flexible policy in operation.

CEA Amended Duties

"The other proposal advanced in the Reuss amendments is that the Council of Economic Advisers shall review proposed price and wage increases so that the President shall make 'an appropriate informed request for voluntary restraint by the parties concerned.' I see many practical difficulties in the carrying out of such a mandate by the Council of Economic Advisers. When — and how — are you going to find out that price or wage changes are pending? The question of adequacy of information and timeliness of action, I think, is a very serious practical difficulty in applying such an amendment. And any attempt to perform such a task would certainly require substantial additions to the Council's staff and expansion of its funds."

Furthermore, I am convinced that such enlargement in the duties of the Council would impair that agency's usefulness. Any attempt at ascertaining what was going to happen and in what magnitude and in what manner and by what company or by what union, and so forth—any attempt to perform such a task would considerably alter the role of the Council in advising the President, the Cabinet, and the whole Executive Branch. It would turn it from broad issues of public policy to the policing of private action.

"At the same time, the essence of this proposal is already embraced in the practice of the President and Council. When important price and wage issues arise in areas of great strategic importance (coal and steel, for instance), their contribution to inflationary danger is bound to come to light in the regular analyses of the Council. The advisers have never hesitated to call such situations to the attention of the President and he has not hesitated to use his influence, through either public or private channels, to press for 'voluntary restraint by the interested parties.'

Prefer Supplemental Legislation

"If this line of attack on the problem of inflation is to be pressed more strongly in the future, I believe it should be through supplementary legislation, not through amendments encumbering the Employment Act. Several proposals for advance notice and the interposition of delay periods have from time to time been advanced. Such a measure might be so drawn as to have more efficacy than the purely hortatory means here proposed, and bills of this character might well be considered on their individual merits.

Questions and Answers

"*Rep. Fascell:* Do I understand, Doctor, that you would much prefer to do this by direct legislation which does not have anything to do with this act?

"*Dr. Nourse:* That is the essence of my position, Mr. Representative. It seems to me that the Act, as passed, although it is, of course, not perfect in its verbiage, is consistent in defining a general role of economic leadership in the Executive Office of the President and staffing him with a professional body for helping him to carry out that duty. He will have to interpret whether he will go so far as a specific recommendation in the area where the Federal Reserve has an active responsibility or whether he will refrain from it, make a price or wage appeal or refrain from such appeal.

"Different Presidents will operate in different ways in this regard. It seems to me it is better to keep the Employment Act in these general terms and let successive Presidents and successive Councils of Economic Advisers perform under it according to their best lights.

"When in the thought of the country and the wisdom of the Congress, under that procedure which we have had now for 12 years, they become convinced that the danger of inflation, let us say, is such that a safeguarding measure should be passed, then it seems to me it should be undertaken by way of supplemental legislation. Simply putting in such general terms as those of these amendments will not change the practice.

"*Mr. Fascell:* That may be so, Doctor, but what is wrong with this amendment within the time before the President may decide to ask Congress for legislation dealing with prices and wages or when the Congress will of its own initiative decide to promulgate such legislation?

Wants No Special Interest Amendments

"*Dr. Nourse:* I have referred to putting specifics in the Employment Act as 'encumbering the Act.' This would make a fine precedent for someone to come forward and, instead of saying 'including monetary and credit policies' say 'including also policies designed to remove the disabilities of small business' or 'including also problems which would be of special benefit to farmers.' That is what I refer to as special interest amendments.

"It seems to me that the Employment Act as a general enabling act is not the place to spell those issues out. We have legislation in those areas, and I suggest here in the last part of my statement that a new measure within that area of administering price making might be so drawn as to have more efficacy than the purely hortatory means here proposed, and that bills of this character might well be considered on their individual merits."

R. S. Weil Opens

WASHINGTON, D. C.—Richard S. Weil is conducting a securities business from offices at 734 Fifteenth Street, N. W.

Geo. K. Baum Branch

TOPEKA, Kans. — George K. Baum & Co. has opened a branch office in the First National Bank Building under the management of Albert G. Harper.

Ramm Opens Branch

PACOIMA, Calif. — Richard A. Ramm & Co. has opened a branch office at 9466 Obeck Avenue under the direction of Thomas E. Panaccione.

Railroad Securities

Railroads vs. Trucks

District Judge Thomas J. Clary in Philadelphia recently awarded the Pennsylvania Motor Truck Association $652,074 in treble damages and $200,000 in counsel fees which must be paid for by 24 Eastern railroads and their public relations agency. It is expected that the railroads will appeal this decision.

The Court also issued a final injunction that prohibits the rails from repeating practices the truckers had charged constituted an illegal conspiracy to drive them out of business. Originally the suit was filed for $250,000,000 on Jan. 17, 1953. It alleged the railroads entered into a conspiracy in restraint of trade against the long-haul trucking industry in May, 1949.

The defendants included the Eastern Railroad Presidents' Conference, the New York Central, Pennsylvania, Reading, New York, New Haven & Hartford, Central Railroad of New Jersey and the Baltimore & Ohio in addition to the public relations firm.

After a lengthy trial, the Court ruled in favor of the truckers on Oct. 10 and at the same time dismissed the $120,000,000 countersuit brought by the railroads. The recent decision awarded the individual trucking companies nominal damages of 18 cents each and held it would determine later the amount of damages to be awarded the Association.

In his decision, Judge Clary said the Association had sought expenses, mostly for public relations, of $866,482. This, the Court found, was excessive because many of the expenses could not be laid to activities undertaken to combat the alleged conspiracy. The Judge stated "there was, in so far as this case is concerned, no necessity whatever for the expenditure of fantastically high sums in publicizing this lawsuit." The Court said it was satisfied that the Truckers' Association had suffered single damages in the sum of $217,358. These damages were trebled because the suit was under the Federal antitrust laws and the Court found that the railroads were guilty of conspiracy in restraint of trade.

In his ruling of last October, Judge Clary said 80% of the damages were to be paid by the rails and 20% by their public relations representative.

The Court in setting the $200,000 counsel fees, said that lawyers for the truckers had spent 4,600 hours in preparation and trial of the case. Judge Clary's injunction against the railroad defendants jointly and individually, restrained them from conspiring to hinder the growth of the trucking industry or the truckers' competition for long distance transportion of freight.

"It is the duty of the Court," Judge Clary stated, "to frame a decree, which will suppress the unlawful practices found to exist and to take such reasonable measures as will preclude their revival."

Continued from page 6

Reinvestment Depreciation— What It Is and What It Does

ufacturers know perfectly well what they would do if they had more money to spend on plant and equipment.

Extent of Tax Loss

While the concern of the Administration, and particularly the Treasury, over decreased revenues, is not as great as it has been in the past, it is still an important factor. Reinvestment depreciation, while it would reduce substantially the taxes paid by manufacturers electing to use reinvestment depreciation, perhaps $1 billion to $1½ billion per year, would not have anything like that impact on the total tax revenue, even for the short run, because, if reinvestment depreciation was effective at all, it would require the spending of the amount of the allowance on machinery and equipment.

Furthermore, if this method were effective it would generate spending on machinery and equipment which would not otherwise have taken place. It is difficult to calculate the effect of this increased activity, but the $2 to $3 billion or perhaps more of plant and equipment which would be purchased under this method would certainly go far to generate, through manufacturing profits, wages, profits on material purchased, and profits on services, income taxes which would not otherwise have been paid at all. Reinvestment depreciation was not devised as a recession remedy, but there is no doubt that it would act as such through the stimulation of activity which it would cause, and might well be more beneficial in a declining period than in a period of expansion.

As we all know, the general question of insufficient depreciation is not new. Permission to use the double declining balance or the sum-of-the digits method given in the 1954 Code has been helpful to a limited extent for comparatively short-lived property. However, the testimony before the Ways and Means Committee of the House of Representatives in January and February of this year was the greatest expression of interest in this problem and of concern over the probable results of disregarding it which we have yet seen.

Expert Witnesses

Invited witnesses from the academic world, notably Dr. William A. Paton of the University of Michigan and the Rev. William T. Hogan, S. J., of Fordham University, testified on the problem and on specific methods to correct the situation. Both of these witnesses advocated reinvestment depreciation. Representatives of the accounting profession testified. Leonard Spacek of Arthur Andersen & Co. advocated full current-value depreciation and revaluation of assets. I testified in favor of reinvestment depreciation. The legal profession was represented by Mr. Fred W. Peel of the firm of Alvord & Alvord, who also advocated reinvestment depreciation, and Mr. Joel Barlow of the firm of Covington & Burling, who advocated a drastic shortening of lives with a wide range of discretion given to the taxpayer. A number of industries and trade associations were represented. Mr. George Terborgh of the Machinery

and Allied Products Institute described the problem and recommended the allowance of depreciation on current values. The representatives of several other industries advocated reinvestment depreciation. Among these were: the American Cotton Manufacturers Institute; the Association of American Railroads; the Lithographers National Association; and the National Coal Association. The United States Chamber of Commerce advocated a drastic shortening of useful lives.

In my testimony I used statistics from the cement, the pulp and paper, the copper and brass and the steel industries, all which have gone on record either as associations or as individual companies in favor of reinvestment depreciation.

The record of the hearings has not yet been printed and it is quite likely that other references to this problem will be found in the testimony of other witnesses. However, the statements already referred to show the volume of testimony that was presented to the committee.

There was substantial unanimity on the statement of the problem and its serious impact on the economy. The only important differences in the testimony were in the type of remedies suggested. Broadly, these might be divided into four groups. First, depreciation to be calculated on the current value of depreciable property; second, a drastic shortening of lives, the lives to be selected at the discretion of the taxpayer, and not to exceed, say, 10 years; third, something like the present Swedish system where the taxpayer is allowed to choose practically any method he wishes, provided he adheres to it consistently; and fourth, what has come to be known as reinvestment depreciation.

Explains Proposal

This was described fully in the statements presented by the various witnesses and is also explained in detail in an article in the May issue of *"The Journal of Taxation."* Briefly, the method may be described as being somewhat similar to the application of LIFO to fixed assets. What is proposed is to permit the deduction, as and when the retirement of property takes place, of the difference between the value of the property retired in current dollars and its cost in the dollars of the time in which it was acquired. This amount, added to the depreciation on historical cost already written off, will bring the total amount of depreciation up to the amount which should have been written off currently to compensate for the decline in the value of the dollar. This deduction would be allowed only to the extent that an equivalent investment was made in depreciable property at the time of or within two years of the date of retirement. The amount of the reinvestment depreciation written off in the first year would be deducted from the depreciable basis of the new property acquired.

For example, suppose that in 1958 a taxpayer dismantles a machine purchased in 1938 for $50,000 and fully depreciated since that time. Assume that the cost index shows an increase in costs of 130% from 1938 to 1958. The taxpayer may elect to deduct in 1958, as a reinvestment depreciation allowance, the cost of tangible, depreciable property purchased in 1958 to the extent that its cost exceeds $50,000 (the original, historical cost of the property dismantled during the year) but does not exceed $115,000 (230% x $50,000). The maximum deduction taken to place the taxpayer on a current-cost basis in this example is $65,000, or the equivalent of the 130% cost increase.

As another example, suppose that in the previous example new investment is only $60,000 in 1958, but that additional investments amounting to $200,000 are made in 1959. In this case the taxpayer will take reinvestment depreciation deductions of $10,000 in 1958 and $55,000 in 1959, the total of $65,000 of deductions for the two years being equal to the 130% price index increase multiplied by the $50,000 original cost.

Those favoring the reinvestment method believe that, while it will give smaller depreciation allowances than what might be called a full-fledged current-value depreciation method, it will provide funds for the maintenance of the investment in productive property, measured in purchasing power, at the time the expenditures must be made. Admittedly, income is overstated in the years intervening between the purchase and retirement of the property. However, when the property is retired and when the money must be spent, the funds are available through the tax deduction.

As the reinvestment depreciation will be deducted from the cost of the new machinery, no recovery will take place in excess of basis as presently provided for. The advantage will consist in placing in the hands of the taxpayer funds at the time he needs them to reinvest.

The results of this method will be similar, in some respects, to those of the five-year amortization except that the application of the reinvestment method will be general, and the rigidity of a five-year write-off will be avoided. It is almost certain that any method which provided for the recovery of more than the basis, as at present calculated, would have the strong opposition of the Treasury, which in all probability, would prevent the enactment of any such legislation.

The other methods proposed, the shortening of lives, and free choice of lives, as in Sweden, have their merits but the principal objection to these seems to be that they do not require, as does the reinvestment method, the expenditure of current funds for depreciable property in order to qualify for the additional allowance. Taking everything into consideration, it is the opinion of many well qualified lawyers, accountants and businessmen that the reinvestment method offers the best hope of a practical, if perhaps partial, solution to the problem of insufficient depreciation which has been plaguing us for so many years, and which becomes more and more serious as time goes on.

High Tax Rates on True Income Caused by Insufficient Depreciation

	Individual Proprietor (Married—No Children)		Corporation		Corporation (Effect of Decreased Income)	
On Federal Income Tax Basis:						
Sales		$3,000,000		$3,000,000		$2,850,000
Cost of Goods Sold:						
Inventory 1/1	$100,000		$100,000		$100,000	
Purchases	1,000,000		1,000,000		1,000,000	
Manufacturing expense	500,000		500,000		500,000	
	1,600,000		1,600,000		1,600,000	
Less inventory 12/31	125,000	1,475,000	125,000	1,475,000	125,000	1,475,000
		1,525,000		1,525,000		1,375,000
Direct labor		700,000		700,000		700,000
		825,000		825,000		675,000
Other Expenses:						
Selling expense	30,000		30,000		30,000	
Adminis. and office expense	240,000		240,000		240,000	
Delivery expense	60,000		60,000		60,000	
Depreciation	195,000	525,000	195,000	525,000	195,000	525,000
Net income before taxes		300,000		300,000		150,000
Federal taxes on income		223,640		156,000		78,000
Net income		$76,360		$144,000		$72,000
Tax rate		74.55%		52.00%		52.00%
Above income is overstated as depreciation amount is based on historical cost—not current dollars.						
Income before taxes—as above		$300,000		$300,000		$150,000
Understatement of depreciation — estimated to be 40% or ($195,000 x 0.40).		78,000		78,000		78,000
True income before taxes		222,000		222,000		72,000
Federal taxes on income—as above		223,640		156,000		78,000
True net *loss*		$1,640				$6,000
True net income				$66,000		
True tax rate on true income		100.74%		70.27%		108.33%

Henry M. Wreszin

Henry M. Wreszin passed away Aug. 2 at the age of 61. Mr. Wreszin was a member of the New York Stock Exchange, and senior partner of H. M. Wreszin & Co., New York City.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The money market, with a period of time in which to digest the refunding and new money raising obligations of the Treasury, should improve its technical position, because the Federal Reserve Banks most likely will lend enough support to keep the bond market orderly. Nonetheless, because of the fear of inflation, and because of the monetary measures which were taken in the past by the powers that be to combat it, and since these are still fresh in the minds of most money market specialists, there is not very much enthusiasm around among investors for Government bonds. This in spite of the announced intention of the Federal Reserve Banks to keep the Government bond market from getting out of hand again.

Because of the defensive way in which the long-term Treasury issues have acted, there is a growing tendancy among many holders of these securities to transfer their funds into the shorter more liquid Government obligations.

Certificate Issue Oversubscription Expected

The Treasury's offering of $3,500,000,000 of 1½% tax anticipation certificates for new money purposes was oversubscribed as expected, and allotments in excess of $100,000 were made on a 59% basis. This money is expected to be sufficient to carry the Government along until early in October, at which time it is evident that the Treasury will be in the market again in order to replenish its supply of funds. The amount of money which will be borrowed in the early fall by the Treasury is not indicated at this time, but opinions around are that it will not be an insignificant undertaking. The type of obligation that will be offered by the Government in this operation is again expected to be a short-term issue, although the trend of the business pattern will no doubt have some influence on kind of security which will be used for the new money raising purpose.

Cut in Central Reserve Bank Requirements Indicated

The Federal Reserve Bank in the past week did not lend much tangible support to the Government bond market, even though the "bills only" policy has been modified, according to the recent pronouncements of the powers that be. Purchases had been made of the refunding obligation in size and this added to the funds that came into the money market. As an offset, Treasury bills were sold, but nonetheless the free reserves of the member banks were still being maintained at the $500,000,000 level, which is ample enough, and indicates no change in the easy money policy of the monetary authorities.

However, it is evident that the excess reserves of the system are not evenly divided, since the smaller out-of-town banks have the bulk of the free reserve which means that the large money center institutions have very little in the way of surplus funds to work with. Because of this situation there is a strong opinion in the financial district that the reserve requirements of the banks in the Central Reserve cities of New York and Chicago will be reduced in the near future in order to give them funds with which to meet loan demands. A reduction in the reserve requirements of the member banks in New York and Chicago would be a realistic development and one which should have taken place a long time ago.

Conditions Not Bullish for Interest Securities

In spite of the breathing spell the money market will have in the next two months from operations by the Treasury, there have been no indications yet that institutional investors are rushing in and loading up on the intermediate and long-term Government obligations. To be sure, it is the expressed purpose of the Federal Reserve Banks to maintain an orderly market in these securities, which is taken to mean a managed bond market with the Central Banks making commitments from time to time in these issues. As against this, there is the economic picture which must be given more than passing consideration as far as the money market and the bond market is concerned.

The action of the stock market and other economic indicators lead many business experts to conclude that the recession has not only reached a bottom, but the economy is on its way to much improved conditions which could again, with time, bring about another boom. Higher wages and high prices still persist and the budget deficit of the Government is staggering. These forces breed inflation, and higher money rates have been used in the past to combat such a condition. This kind of action has not been bullish for fixed income bearing obligations.

J. T. MacDonald Opens Own Investment Firm

John T. MacDonald, Jr., has formed MacDonald & Co. with offices at 76 Beaver Street, New York City, to engage in a securities business. Mr. MacDonald was formerly resident Vice-President in New York for American Funds Distributors, Inc. Prior thereto he was with Reynolds & Co.

Forms Diamond Securities

LOS ANGELES, Cal.—David Y. Nitake, 202 South San Pedro Street, is now conducting his investment business under the firm name of Diamond Securities Co.

With Central States

(Special to THE FINANCIAL CHRONICLE)

MANSFIELD, Ohio—Clay Herrick is now with Central States Investment Co., Walpark Building.

Bruno-Lenchner Opens

PITTSBURGH, Pa. — Bruno-Lenchner, Inc., has been formed with offices in the Penn-Sheraton Hotel to engage in a securities business. Officers are John J. Bruno, President; Joseph S. Lenchner, Vice-President and Treasurer; and Norman C. Eisenstat, Secretary. Mr. Lenchner was formerly manager of the local office of McLaughlin, Cryan & Co. with which Mr. Bruno and Mr. Eisenstat were also associated.

With J. Clayton Flax

(Special to THE FINANCIAL CHRONICLE)

SPRINGFIELD, Mass. — Merrill Meadows is now affiliated with J. Clayton Flax & Co., 1562 Main Street. He was formerly with Shearson, Hammill & Co.

Fridley & Frederking New Firm Name

HOUSTON, Tex.—Earl G. Fridley and Wilbur H. Frederking have announced that the name of their stock and bond firm has been changed to Fridley & Freder-

Earl G. Fridley W. Frederking

king, as a successor to Fridley, Hess & Frederking. The business of the firm will continue to be conducted at 617 Texas National Bank Building, with the same employees.

Mr. Fridley has been identified with corporate securities, local and listed stocks, for 25 years in Houston, and prior to the formation of the present firm and its predecessors, Mr. Fridley was the proprietor of Earl G. Fridley Co. He has also been associated in Houston with a New York Stock Exchange firm and with a prominent specialist in local securities. Mr. Fridley is currently Chairman of the Investment Bankers Association of America, Texas Group, and is a past Chairman of the National Association of Securities Dealers.

Mr. Frederking has been the partner in charge of the firm's municipal department for many years and has been prominently connected with this phase of the investment banking business in Houston for the past 21 years. He is a past member and Vice-Chairman of the Board of Trustees of the Municipal Advisory Council of Texas.

Halsey, Stuart Group Offers Equip. Tr. Ctfs.

Halsey, Stuart & Co. Inc. and associates yesterday (Aug. 6) offered an issue of $2,100,000 Minneapolis & St. Louis Ry. 4¼% equipment trust certificates, series B, maturing annually Aug. 26, 1959 to 1973, inclusive.

The certificates are scaled to yield from 2.75% to 4.25%, according to maturity. Issuance and sale of the certificates are subject to authorization of the Interstate Commerce Commission.

The issue is to be secured by 14 Diesel-Electric locomotives, estimated to cost not less than $2,625,000.

Associates in the offering are R. W. Pressprich & Co., Freeman & Co., and McMaster Hutchinson & Co.

G. A. Saxton Wire to Glore Forgan

G. A. Saxton & Co., Inc., 52 Wall Street, New York City, has opened a direct wire to Glore, Forgan & Co., Chicago.

Troster, Singer Wire To Wm. Tegtmeyer

Troster, Singer & Co., 74 Trinity Place, New York City, has installed a direct wire to Wm. H. Tegtmeyer & Co., Chicago.

J. Dorsey Brown

J. Dorsey Brown, head of J. Dorsey Brown & Co., Baltimore, Md., and a member of the Philadelphia-Baltimore S. E., passed away on July 31.

Continued from page 5

The State of Trade and Industry

employment costs rose more than 26 cents an hour, including a 9-cent cost-of-living wage boost.

"This evidence, and more, will be put into the record of congressional hearings on the steel price hike. The mills anticipated that such hearings might be held and are prepared to defend their action. They are in no mood to be pushed around," The "Iron Age" observed.

It speculated that the perennial furor over steel wage hikes-steel price boosts may have a good long-run effect. When steel labor contracts are reopened next year, the steel companies will be no pushover for Dave McDonald's United Steelworkers. They will fight for a settlement that will preclude any need for higher prices and the chances are good that the battle will wind up in a bitter strike.

"In 1956, the steel companies fought hard for a contract that would at least enable them to hold their labor costs and consequent price boosts to a minimum," The "Iron Age" declared. "They even took a 54-day strike in an effort to win their point. But pressure from customers and government officials forced steel firms to give in and Dave McDonald walked off with the fattest contract in steel labor history," it added.

Tinplate prices will not move for the present because steel firms must give 35 days' notice to their customers, but the chances are good that tinplate will join the parade unless the mills are taking seriously the growing competition of aluminum for the can market, this trade authority further noted.

The metalworking weekly said steel users are coming into the market with more frequency. The tempo of steel orders is quickening. Demand for oil country casing and drill pipe is improving. Auto orders are bigger, but leave something to be desired. Demand from the auto centers is expected to pick up sharply later in August.

The railroad picture as far as steel buying is concerned looks brighter than at any time in the past several years. Now that the railroad aid bill is passed, one road may spend as much as $100,000,000 on rolling stock and other materials and maintenance. Rail orders recently have been at the lowest level in 84 years.

In the automotive industry as August gets underway, only six car makers are turning out 1958 model automobiles, "Ward's Automotive Reports" stated on Friday last. They are Chevrolet, Plymouth, Ford, Edsel, Mercury and Lincoln.

Winding up operations the past week and heading into factory changeovers were Pontiac, Oldsmobile, Cadillac and Rambler. The closedowns, according to "Ward's" were instrumental in the week's drop in industry output to an estimated 61,808 cars from the preceding week's total of 85,519. In the corresponding week a year ago, 119,323 automobiles were assembled.

"Ward's" predicted a rise in truck-building last week to 17,261 units from 16,570 in the previous period. A year ago, the count was 20,833.

The statistical publication reported an estimated 322,000 cars were turned out in July contrasted to 337,355 in June and 495,625 in July, 1957. It was the smallest July count since 1952, when 159,660 units were made.

With Chevrolet and Plymouth production scheduled to halt this month, this agency added that Ford Motor Co. will dominate August auto programming. Ford will be the only car maker whose output this month will match July's total. The company will account for nearly half of the cars turned out in August.

First of the 1959 model cars to roll from an assembly line, however, will be manufactured by Buick, starting Aug. 18.

It further noted that official new car registrations in the United States in June totaled 410,607, down 3% from 423,484 units in May and 21% below June, 1957's output of 517,043. Six-month comparisons show 1958 new car figures are 23% behind 1957, or 2,368,359 units against 3,070,875 units.

Consumers reduced their instalment debt in June for the fifth consecutive month, the Federal Reserve Board currently reports.

Outstanding instalment credit on a seasonally-adjusted basis fell $127,000,000 during the month to a level of about $33,000,000,000 on June 30, the agency noted. The drop was about the same as in April and May, but smaller than the adjusted declines in February and March, the board said.

Total consumer credit also declined in June, by $226,000,000, to an adjusted total of slightly over $43,000,000,000.

Nearly all the decline in outstanding consumer instalment debt was attributable to a drop in new auto loans, which fell short of car loans that were repaid during the month.

Total new credit given during the month, the Board continued, amounted to $3,265,000,000 on an adjusted basis. This was $13,000,000 more than the adjusted total of credit extended for May. The June total of new credit, however, was far below the $3,547,000,000 extended in the like month last year.

Repayments of loans in June, 1958, on an adjusted basis came to $3,392,000,000, some $40,000,000 more than in May. The June total also exceeded the $3,339,000,000 in repayments in June, 1957.

Total adjusted non-instalment credit at the end of June was $10,100,000,000, an increase of $99,000,000 from the end of May. The combination of the drop in both instalment and non-instalment debt produced a $226,000,000 decline in total consumer credit to an adjusted level of $43,100,000,000 at the end of June.

At $25,300,000,000, manufacturers' new orders rose slightly in June from the prior month, after adjustment for seasonal factors, the United States Department of Commerce reports. The increase was attributed entirely to an increase in durable goods. The adjusted book value of manufacturers' inventories at the end of June fell to $50,300,000,000 from $50,900,000,000 at the end of May and compared with $53,800,000,000 on the comparable date a year ago.

Dollar value of new construction put in place in July rose seasonally to $4,600,000,000, a new record for the month, the government reported.

The July figure, based on preliminary estimates by the United States Departments of Commerce and Labor, was a gain of more than $200,000,000 from the $4,400,000,000 in June and topped the $4,500,000,000 figure for July, 1957.

Steel Output Set at 59.7% of Ingot Capacity This Week

In the steel market the current week the steel price increase will not stop the gradual uptrend in demand, "Steel" magazine stated on Monday last.

The industry hiked its operating rate three points last week to 59% of capacity. Production was about 1,593,000 net tons of steel for ingots and castings. July's output, 6,500,000 tons, made it the third best month of the year. August's production will be higher.

The price increases amount to less than 3%, an average of $4.50 per ton. That means an added cost of about 50 cents for the steel that goes into a refrigerator, around $6.50 for the steel that goes into a four-door auto of the Chevrolet-Ford-Plymouth class. Steel consumers, however, will absorb more of the price increase than they have in any previous postwar period, a "Steel" survey indicates.

Makers of machine tools and other capital goods will absorb 85% of the increase. Manufacturers of fasteners and other components going into finished products will absorb 55 to 60% of the added cost. Makers of appliances and other consumer durables will absorb 90%. Construction equipment makers will pass on only about 30%.

The metalworking weekly estimated that steel inventories will bottom out by the end of the month. In spite of vacations in the major consuming industries, stocks were cut substantially last month. Some industry researchers estimated that consumption exceeded shipments by at least 500,000 tons. Analysts of one company say the July reduction, nearly 2,000,000 tons, was the greatest of any month since liquidation began.

There is little likelihood of an immediate switch from reduction to accumulation of inventories, but one expert thinks consumers will have to add 300,000 tons to their stocks during September just to maintain a 60-day inventory and add more later.

Asked his reasons for thinking that steel users will pad inventories, the market analyst replied: "Predictions that the automotive industry will build only a million cars during the fourth quarter are ridiculous. I expect production to hit 1,450,000. Construction activity is going strong after faltering briefly, and the appliance business is on the upswing. About the only markets that don't look good are railroads and non-electrical machinery."

Makers of road building machinery are stepping up production and buying more steel. Caterpillar Tractor Co. will rehire about 1,000 workers at its plants at Peoria, Decatur and Joliet, Ill., this month. Clark Equipment Co., Buchanan, Mich., says sales of its construction equipment are the highest in five years.

Steel district rates last week were as follows: St. Louis at 90% of capacity, down five points from the previous week; Wheeling 73.5, up 2.5 points; Western district 69, up two points; Eastern district 65, up two points; Detroit 64, up three points; Chicago 63.5, up 1.5 points; Cleveland 54, up 4.5 points; Youngstown 53, up one point; Birmingham 52, down 1.5 points; Pittsburgh 51.5, up 2.5 points; Buffalo 50, up 6 points, and Cincinnati at 41, up 1.5 points.

"Steel's" scrap price composite last week rose to $40.33 a gross ton, up $2.66.

The American Iron and Steel Institute announced that the operating rate of steel companies will average *100.3% of steel capacity for the week beginning Aug. 4, 1958, equivalent to 1,611,000 tons of ingot and steel castings (based on average weekly production for 1947-49) as compared with an actual rate of *97.2% of capacity, and 1,561,000 tons a week ago.

Output for the week beginning Aug. 4, 1958 is equal to about 59.7% of the utilization of the Jan. 1, 1958 annual capacity of 140,742,570 net tons compared with actual production of 57.8% the week before.

For the like week a month ago the rate was *89.8% and production 1,442,000 tons. A year ago, thea ctual weekly production was placed at 2,043,000 tons, or *127.2%.

***Index of production is based on average weekly production for 1947-1949.**

Electric Output Rose for the Fifth Straight Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Aug. 2, 1958, was estimated at 12,619,000,000 kwh., according to the Edison Electric Institute. Output in the past week scored the fifth consecutive week of gains.

For the week ended Aug. 2, 1958, output increased by 300,000,000 kwh. above that of the previous week, and 145,000,000 kwh. over that of the comparable 1957 week and an increase of 1,429,000,000 kwh. above that of the week ended Aug. 4, 1956.

Car Loadings in Latest Week Increased 4.4% Above the Preceding Week But Were 17.5% Under Like Period in 1957

Loadings of revenue freight for the week ended July 26, 1958, were 25,884 cars or 4.4% above the preceding week.

Loadings for the week ended July 26, 1958, totaled 607,701 cars, a decrease of 128,706 cars, or 17.5% below the corresponding 1957 week, and a decrease of 42,105 cars, or 6.5% below the corresponding week in 1956

Automotive Output Marked by Declines as Factories Close for Model Changeovers

Automotive production for the week ended Aug. 1, 1958, according to "Ward's Automotive Reports," declined as manufacturers wound up operations and headed into factory changeovers on new models.

Last week's car output totaled 61,808 units and compared with 85,519 (revised) in the previous week. The past week's production total of cars and trucks amounted to 79,069 units, or a de-

crease of 23,020 units below that of the previous week's output, states "Ward's."

Last week's car output declined under that of the previous week by 23,711 units, while truck output rose by 691 vehicles during the week. In the corresponding week last year 119,323 cars and 20,833 trucks were assembled.

Last week the agency reported there were 17,261 trucks made in the United States. This compared with 16,570 in the previous week and 20,833 a year ago.

Lumber Shipments Were 6.5% Above Production in the Period Ended July 26, 1958

Lumber shipments of 478 reporting mills in the week ended July 26, 1958, were 6.5% above production, according to the "National Lumber Trade Barometer." In the same period new orders were 20.4% above production. Unfilled orders amounted to 40% of stocks. Production was 8.8% above; shipments 11.4% above and new orders were 13.7% above the previous week and 19.6% above the like week in 1957.

Business Failures Edged Upward in Latest Week Following A Five-Month Low Scored in Preceding Period

Commercial and industrial failures edged to 271 in the week ended July 31 from 264 in the preceding week, Dun & Bradstreet, Inc., reports. Despite the increase, casualties were lower than the 281 last year and the 282 in 1956. They also dipped 2% from the prewar level of 277 in the corresponding week of 1939.

Failures with liabilities of $5,000 or more rose to 233 from 223 a week ago, but did not equal the 242 of this size in 1957. Among small casualties, involving liabilities under $5,000, there was a dip to 38 from 41 in the previous week and 39 last year. Liabilities in excess of $100,000 were incurred by 26 of the failing businesses as against 18 in the preceding week.

All of the week's upturn was concentrated in manufacturing, where the toll climbed to 57 from 45 and in wholesaling, up to 35 from 17. Contrasting declines prevailing among retailers, which dropped to 124 from 139, among contractors, off to 40 from 42 and among services, down to 15 from 21. Failures exceeded last year's level in manufacturing and wholesaling, but remained moderately below 1957 in other lines.

Five of the nine major geographic regions reported slight week-to-week increases. The toll in the Middle Atlantic states rose to 110 from 91, while South Atlantic casualties edged to 23 from 21 and East North Central to 43 from 41. The most noticeable decline during the week occurred in the Pacific States, down to 52 from 62. Geographic trends from last year were mixed. Five regions suffered more casualties while four had less. These year-to-year changes were slight except for marked drops in the West South Central and Pacific totals.

Wholesale Food Price Index Moved Fractionally Higher Last Week

There was a fractional rise last week in the wholesale food price index, compiled by Dun & Bradstreet, Inc. It stood at $6.63 on July 29, up 0.2% from the $6.62 of the prior week. It was 4.1% higher than the $6.37 of the comparable date a year ago.

Moving upward in wholesale cost the past week were beef, hams, bellies, lard, eggs, steers and hogs. Lower were flour, wheat, rye, oats, sugar, milk, coffee, cocoa, peanuts and potatoes.

The index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use and its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Rose Moderately Last Week

Price increases in steel scrap, rubber and some livestock moderately boosted the general commodity price level last week. The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., rose to 279.96 on Aug. 4, from 277.87 a week earlier. It compared with 294.91 on the comparable date a year ago.

Grain trading lagged during the week causing most prices to dip fractionally. Some wholesalers attributed this to increased receipts, favorable weather reports in growing areas and reports of crop and harvesting progress.

Primary receipts of Winter wheat in Chicago rose sharply and as a consequence, prices fell moderately. Following the trend in wheat prices and expanding harvests, rye prices dipped somewhat. Corn buying was steady and offerings light, holding prices close to those of the prior week. There was a slight rise in soybeans prices in Chicago and Minneapolis, despite sluggish buying.

Wholesalers reported an appreciable decline in flour prices the past week. Trading as a result, lagged behind that of the previous week. Sugar prices were unchanged and purchases equalled those of a week earlier. Despite news from Brazil concerning bean allocations for home processing, cocoa prices fell during the week as transactions sagged. There was a fractional decrease in coffee prices, but buying was close to that of the prior week. Mill stocks of rice were limited again last week, but buyers were cautious anticipating the new crop.

Cattle receipts in Chicago rose noticeably, but buying expanded and prices slightly exceeded those of the preceding week. Hog receipts climbed moderately, but trading was sluggish holding prices slightly below a week earlier. Increased buying of lambs helped prices move up fractionally. Following the rise in hog prices, the wholesale cost of lard climbed somewhat during the week.

Cotton prices declined at the beginning of the week when the Senate approved the new farm bill basing the government's support prices on average market prices in recent years, but they revived slightly at the end of the period. United States exports of cotton for the week ended last Tuesday were estimated at 77,000 bales, compared with 98,000 in the prior week and 120,000 a year ago. Exports for the season to date amounted to about 5,678,000 bales compared with 7,546,000 during the comparable period last year.

There was a slight rise in orders for combed cotton sateens and prices rose somewhat. Volume in other cotton gray goods lagged and prices were unchanged. The buying of carpet wool improved and prices moved up fractionally.

Trade Volume in Latest Week Stimulated by Numerous Sales Promotions

Encouraged by numerous sales promotions, consumers stepped up their buying of summer apparel, metal furniture, linens and air conditioners. Total retail sales slightly exceeded those of a year ago. According to spot checks, purchases of new passenger cars dipped during the week, resulting in noticeable year-to-year declines.

The total dollar volume of retail trade in the period ended on Wednesday of last week was unchanged to 4% higher than a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1957 levels by the following percentages: New England States +5 to +9%; South Atlantic +3 to +7; Middle Atlantic +1 to +5; West South Central and Mountain 0 to +4; East South Central —1 to +3; West North Central and Pacific Coast —2 to +2 and East North Central States —4 to 0%.

Apparel stores reported substantial gains from a year ago in the buying of women's summer dresses and sportswear. Volume in Fall dresses, furs and coats matched that of the similar 1957 week. There were moderate year-to-year gains in the call for men's summer suits, sportswear and beachwear. Best-sellers in children's clothing were boys' sports shirts and bathing suits and girls' beachwear and cotton dresses.

Continued hot weather in some areas again boosted sales of air conditioners and fans. Over-all volume was slightly higher than a year ago. Purchases of refrigerators and laundry equipment slipped below the similar 1957 levels. Although interest in lawn tables and chairs advanced appreciably during the week, total furniture sales failed to equal those of last year. While moderate year-to-year gains in purchases of linens occurred, interest in draperies and floor coverings remained close to that of the comparable week a year ago.

Total food sales were sustained at a high level last week. Housewives were primarily interested in cold cuts, fresh produce, ice cream and other picnic specialties. While volume in eggs, butter, cheese and fresh meat climbed moderately, the call for canned vegetables and baked goods slipped somewhat.

Wholesalers reported a moderate decline from the prior week in orders for women's Fall apparel, except for women's better dresses which were unchanged. Over-all bookings in women's Fall merchandise were close to those of a year ago. Appreciable decreases from a week earlier occurred in purchases of men's Fall suits and sportswear and children's back-to-school clothing.

The buying of furniture at Western and Southern markets expanded appreciably during the week, with principal gains in bedding and upholstered chairs. Interest in summer outdoor tables and chairs lagged, but re-orders for air conditioners and fans equalled those of the preceding week. While volume in other major appliances slipped somewhat, there was a moderate rise in the buying of floor coverings and draperies.

Trading in carpet wool rose appreciably the past week, according to wholesalers in Boston and Philadelphia, but transactions in woolens and worsteds sagged again. Although there were some scattered orders for sateens and print cloths in some markets, over-all sales of cotton gray goods fell below week earlier levels. New England dyers and finishers reported a slight improvement in incoming orders.

Wholesale food purchases were sustained at a high level, reflecting continued high sales at retail. Best-sellers last week were canned citrus juices, frozen juice concentrates, picnic food specialties and baked goods. Wholesale stocks in some lines of canned goods were limited.

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended July 26, 1958, rose 3% above the like period last year. In the preceding week, July 19, 1958, an increase of 2% was reported. For the four weeks ended July 26, 1958, a gain of 3% was recorded. For the period Jan. 1, 1958 to July 26, 1958, a decrease of 2% was reported below that of 1957.

Retail trade sales volume in New York City last week advanced from 3 to 5% above the volume of the similar period a year ago.

Sales promotions in summer apparel, metal furniture and air conditioners spurred purchases during the week.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period ended July 26, 1958 advanced 2% above that of the like period last year. In the preceding week, July 19, 1958, a gain of 7% (revised) was reported. For the four weeks ended July 26, 1958, an increase of 7% was reported. For the period Jan. 1, 1958 to July 26, 1958 an increase of 1% was registered above that of the corresponding period in 1957.

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Continued from page 2

The Security I Like Best

year. There are two drill sites on this property, each of which is capable of accommodating at least 28 wells. At the present time 18 wells have been completed and are producing oil and gas on one site, and two wells have been completed on the second site. Additional wells are continuing to be drilled until the field is fully developed.

The company owns 284 acres of highly valuable studio real estate property, on which they are planning a multi-million dollar project, to be called Century City. If it develops as now conceived, it will include office buildings, hotels, department stores, shops, a convention hall and cultural center. This should prove to be a very valuable contribution to the company's progress and will undoubtedly receive a great deal of publicity.

The financial picture of Twentieth Century-Fox looks very good. As of Dec. 28, 1957 the company had a net working capital of over $74,000,000 or $28.30 per share, which had increased from approximately $70,000,000 in 1956 or $26.34 per share. At the end of 1957, the book value of stockholders' investment was over $88,000,000 or $33.70 per share.

Dividends of $1.60 annually or $0.40 per share quarterly have been paid in the last four years, and dividends have averaged 63% of earnings in the past five years through 1957.

The capitalization of the company at the end of 1957 consisted of a long-term debt of about $22½ million, and 2,617,486 shares of common stock outstanding. As the company has been following a policy of reducing its capitalization by purchases in the open market and from large stockholders, acquisitions to May 20, 1958 have reduced the amount outstanding to 2,280,386 shares.

Twentieth Century-Fox Film's common stock is listed on the New York Stock Exchange, as well as other leading security exchanges and has ranged between a low of 21¼ to a high of 31½ this year. At the present writing—it is selling at 30½, which is less than 10 times estimated earnings, on a current yield basis of 5¼%.

It seems to me—that with the extensive production program for films and television, together with mounting oil production and an anticipated multi-million dollar real estate development in the heart of Los Angeles—Twentieth Century's star should be very bright.

Joins Powell & Co.

FAYETTEVILLE, N. C.—Robert T. MacMillan is now affiliated with Powell & Co. Inc., 120 Anderson Street.

Securities Salesman's Corner

By JOHN DUTTON

Right Investment — Right Time

My early recollections of some of the best salesmen I have known in the investment business are tied in with their ability to educate their clients regarding sound investment procedures. There are rules that anyone can master (if he takes the time to do it) that will lead to the successful operation of an investment account. Unless a salesman has clients who understand these rules he will find it next to impossible to achieve a lasting relationship that will be productive both for the client and for himself.

I remember one man who probably had more large individual accounts than any other person I have ever met in the securities business. He rarely left his office except for a luncheon date and he usually was busy in this respect every day in the week. He seldom took luncheon at his desk, or with associates in the office, but always with clients or other securities men with whom he could exchange ideas.

One day I asked him why he did not make more calls to see clients at their place of business, or their homes, and he told me that he did not have the time for it. He then pointed out that before he accepted an account, his customer had to place complete confidence in his recommendations. He did his groundwork well and he completely understood the customer's objectives and financial situation before doing business with him. He made it very plain that unless a customer had sufficient confidence in his recommendations to make decisions over the telephone that he could not do a good job investmentwise. He did not have time to try and persuade, cajole, argue, or convince. Recommendations were not made unless they were suitable.

Here are a few of the rules that this top-flight investment man followed and likewise convinced his clients that they should also use as guideposts pertaining to their investments in common stocks.

Timing

Buy stocks of good companies when they are unpopular. Take a look at some of these fluctuations during the four years:

	1953	1954	1955	1956
*D-Jones Av.	—21%	—33%	—28%	—23%
Bethl. Steel	—24%	—54%	—40%	—30%
Gen. Motors	—22%	—40%	—44%	—18%
Texas Co.	—14%	—34%	—31%	—24%
Johns Manv.	—22%	—33%	—20%	—31%

*Fluctuated from high to low.

The ebb and flow of public psychology is expressed in the buying and selling of common stocks and in fluctuations that have no relationship directly with value. Impress upon your customers that the way to make a profit buying common stocks is to buy when others are not competing with you for the same stocks and sell when there is wide public competition for these same stocks. A list such as the foregoing can be easily compiled, both for industries and for individual securities. The more volatile the stocks, the more cyclical the industry, and the greater the opportunity for buying when others are discouraged and selling when they are overoptimistic. It is the investor who understands this first rule for successful investment that "buys right." "Buying anything right will almost insure a profit."

Hold Reserves for Opportunities

There are times when the possession of valuable information that is available to a well connected and alert investment firm can be profitably passed on to clients and a very sizable market appreciation can be achieved. But what good is information if you do not have the available funds to act upon it? Decisions should be made decisively and promptly in such cases. Sometimes the delay of an hour or less can be costly in lost profit opportunities. If you have clients who understand this, and they have the will power to hold some cash or high grade bonds (which can be used as collateral or sold) you can operate in their interest and to their advantage, but if you must listen to someone hem and haw about where the funds are coming from, and what should we sell to do it, then it is a different story. Such opportunities don't stand around and wait for your customers; there are other people who know things, too.

Cut Losses Promptly

Expect some mistakes. One of the greatest errors any investor can make is to buy something and if the market action of the stock is unfavorable—if heavy selling comes in—if reverses in the underlying situation become apparent, they either average down (usually too soon) or they sit with their lemon and hope that some day it will once again come back to the market price at which they bought it. Instead of holding on to a mistake until it becomes a motheaten heirloom sell it and reinvest the funds in a better security if available, or hold the cash until something worthwhile comes along. The reluctance that many securities salesmen evidence in refusing to face up to a mistake is one of the most flagrant causes of capital depreciation that can be made in handling an account. The time to settle this problem is when you take over the account. Teach your customers how to take losses. That means take small ones; not wait until they become catastrophes.

If you have educated customers who can act and who know what you are trying to do to help them build capital, you won't have to wear out your tonsils trying to convince them they should do something which they do not comprehend. There are rules in the investment game just as any other, and a man is a fool to try and play it unless he at least knows where "home plate" is located.

* * *

The best securities men are first good students of their business, of values, of markets, of timing, of fundamental economic conditions, of human nature, and then they are good teachers. Making capital grow is not something for guessers to try, or that can be done haphazardly. Let your customers know this, and help them to follow the rules even when their own emotions urge them to do otherwise, and you will build their accounts into a lasting monument to your cooperative endeavors. There may be even something left for their heirs someday!

Irving A. Greene Celebrates 40 Years

Or From the Sidewalk to the Street.

Irving Allen Greene, senior partner of Greene and Company, 37 Wall Street, New York City, is celebrating 40 years in the investment business. "Irv" started his career in 1919 with Kiely & Horton as an office boy in the days of the outside New York Curb Market.

Irving A. Greene

He established his own firm, Greene and Company, in 1930, to act as brokers and dealers in public utility, industrial, railroad, real estate and mortgage certificates, public utility bonds and preferred stocks, insurance and bank stocks, municipal bonds, sugar and textile issues, and aviation securities.

His daughter and her husband, D'Vera and Bob Topol gave a surprise party for him Aug. 2 at their estate in Mamaroneck, N. Y., attended by the entire office staff and their families.

A highlight was a contest for the best impersonation of "Irv" on a hectic day at the office, won by Miss Adele Yung, the firm's telephone operator for the past ten years.

Campbell President of Dreyfus Corporation

The Dreyfus Corporation, 50 Broadway, New York City, managers and underwriters of The Dreyfus Fund Inc., announce the election of Stuart M. Campbell as President of the corporation. Mr. Campbell was formerly Vice-President and General Sales Manager of The Dreyfus Corporation, and prior to that, New York Sales Manager. The Dreyfus Fund Inc., of which Jack J. Dreyfus, Jr. is President, is an open-end mutual investment fund with current net assets of over $24,000,000.

Stuart M. Campbell

Dean Witter Adds

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Ore. — Philip E. Draper has been added to the staff of Dean Witter & Co., Equitable Building.

Joins Zilka, Smither

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Ore. — E. Charles Pressman has joined the staff of Zilka, Smither & Co., Inc., 813 Southwest Alder Street, members of the Pacific Coast Stock Exch.

With H. O. Peet

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo.—Arthur A. Benson is now connected with H. O. Peet & Co., 23 West 10th Street, members of the New York and Midwest Stock Exchanges.

Charles L. West

Charles L. West, Vice-President of Russ & Co., Inc., San Antonio, passed away on July 28.

Two With First Southern

(Special to THE FINANCIAL CHRONICLE)

ATLANTA, Ga. — Robert F. Barron and Robert E. Stockton have become connected with First Southern Corp., 652 Peachtree Street, Northeast.

Our Reporter's Report

The best that can be said for the corporate new issue bond market this week is that underwriters and dealers at least escaped adding to their inventories purely for the reason that the only debt issue was a small offering of equipment trust certificates.

Considering the fact that the Treasury market continued to suffer sporadic spells of indigestion despite the much publicized support efforts of the Federal Reserve, the rank and file probably counted their blessings for not having been committed to any large undertakings.

It now appears that the Federal, by and large, is doing little more than attempting to smooth the rough spots in the market except when the Treasury has a job to do as was the case a fortnight ago.

The big query among corporate traders these days seems to be "what is the Fed doing?" And it is indicated that the 'Fed' is doing a pretty good job of covering up its operations since most of the questioners appear to be wearing puzzled looks.

Meantime, traders with orders for clients in some of the recently marketed new issues have found the "bargain-hunting" pretty good, as one of their number put it.

Catching the market "right" he has been able to get such choice bits as the recent Niagara Mohawk, Consolidated Edison and Tampa Electric bonds at relatively attractive prices.

Looking for a Base

Some astute market observers are confident that bonds cannot be far away from a level of prices and yields that could develop as a new base as the summer approaches its end and the fall season of renewed activity rolls around.

The chance for speculative profits afforded by the gyrating stock market naturally has captured attention for the moment. But the feeling is that the situation is working around to where bonds will be found attractive for at least a portion of the "smart" money which is footloose.

The forward thrust of stocks has been pushing equities up to where dividend yields have been cut materially. Conversely, the bond market has been settling down with corresponding improvement in yields offered.

Inventories Tapering

The dearth of new offerings, and there are only a few slated for next week, has exerted something of a revivifying influence on lagging emissions of recent vintage.

This is not to say that buyers have been storming the gates in an effort to take up unsold portions of such issues. But indications are that pressure of funds for investment has been bringing about gradual diminution of inventories on dealers hands.

It is not possible to obtain an actual figure on the size of such stocks, but the consensus is that they are well below the level of a week ago.

The Calendar

The underwriting fraternity will be bidding next week for a total of $85 million of new debt issues, in the form of three offerings unless there is a sudden change in plans of any of the companies involved.

On Monday, Utah Power & Light Co. is scheduled to open bids for an issue of $20 million of new bonds. And the following day Montana Power Co. will look over tenders for an issue of similar proportions.

The week's big one is due up for bids on Wednesday, when Consolidated Natural Gas Co., has $45 million of new debentures on the schedule for competitive bidding.

Hugh Long Appoints Two Representatives

ELIZABETH, N. J. — Hugh W. Long & Company, sponsors of Fundamental Investors, Inc. and three other mutual funds has announced the appointments of James J. Low, Jr. and George D. Ryan as regional representatives.

James J. Low, Jr.

George D. Ryan

Mr. Low was formerly associated with Halsey, Stuart & Co., New York, and more recently with Kidder, Peabody & Co., Boston. He will represent the Long Company throughout New York State north of the New York City line, assisting Regional Vice-President C. Ellwood Kalbach.

Mr. Ryan has spent the last 8 years in dealer service and contact work in the mutual fund field. He will represent the Long Company throughout Northern New Jersey.

Harold G. Groll Joins First of Arizona

PHOENIX, Ariz.—Harold Gerhardt Groll has recently returned to Phoenix after being on the Pacific Coast for the past two years and has joined the staff of The First of Arizona Company, First National Bank Building. Mr. Groll has recently been with Taylor & Co., in Beverly Hills.

Harold G. Groll

With Campbell, Robbins

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Ore. — Daniel H. Torrey has become associated with Campbell & Robbins, Inc., U. S. National Bank Building.

Joins F. I. du Pont Co.

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Robert S. Siemens has joined the staff of Francis I. du Pont & Co., Merchants Exchange Building.

With Cruttenden, Podesta

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Howard Hershleder has joined the staff o Cruttleder has joined the staff of Cruttenden, Podesta & Co., 209 South La Salle Street, members of the New York and Midwest S. E.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated Steel operations (per cent capacity)	Aug. 10	§59.7	*57.8	53.4	79.8
Equivalent to—					
Steel ingots and castings (net tons)	Aug. 10	§1,611,000	*1,561,000	1,442,000	2,043,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	July 25	6,535,835	6,528,385	6,331,535	6,922,115
Crude runs to stills—daily average (bbls.)	July 25	¶7,517,000	7,450,000	7,541,000	7,763,000
Gasoline output (bbls.)	July 25	28,464,000	27,509,000	27,061,000	26,556,000
Kerosene output (bbls.)	July 25	1,614,000	1,804,000	1,649,000	1,894,000
Distillate fuel oil output (bbls.)	July 25	11,760,000	11,266,000	11,229,000	11,920,000
Residual fuel oil output (bbls.)	July 25	6,919,000	6,891,000	6,625,000	7,764,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	July 25	178,808,000	*179,556,000	186,486,000	175,698,000
Kerosene (bbls.) at	July 25	25,338,000	25,631,000	23,855,000	30,611,000
Distillate fuel oil (bbls.) at	July 25	115,557,000	113,483,000	103,353,000	133,822,000
Residual fuel oil (bbls.) at	July 25	66,487,000	67,199,000	63,697,000	48,737,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	July 26	607,701	581,817	626,573	736,407
Revenue freight received from connections (no. of cars)	July 26	494,143	451,056	523,114	588,292
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	July 31	$388,032,000	$455,420,000	$466,263,000	$401,045,000
Private construction	July 31	165,460,000	152,643,000	103,425,000	206,232,000
Public construction	July 31	222,572,000	302,777,000	362,838,000	194,813,000
State and municipal	July 31	169,785,000	224,914,000	192,504,000	163,732,000
Federal	July 31	52,787,000	77,863,000	170,334,000	31,081,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	July 26	7,900,000	*7,510,000	8,930,000	9,848,000
Pennsylvania anthracite (tons)	July 26	458,000	466,000	571,000	566,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	July 26	111	110	110	108
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Aug. 2	12,619,000	12,319,000	11,210,000	12,474,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	July 31	271	264	292	281
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	July 29	5.967c	5.967c	5.967c	5.967c
Pig iron (per gross ton)	July 29	$66.49	$66.49	$66.49	$66.40
Scrap steel (per gross ton)	July 29	$40.83	$38.17	$35.17	$53.50
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	July 30	26.100c	26.100c	24.700c	28.550c
Export refinery at	July 30	25.275c	24.875c	24.175c	26.375c
Lead (New York) at	July 30	11.000c	11.000c	11.500c	14.000c
Lead (St. Louis) at	July 30	10.800c	10.800c	11.300c	13.800c
‡Zinc (delivered) at	July 30	10.500c	10.500c	10.500c	10.500c
Zinc (East St. Louis) at	July 30	10.000c	10.000c	10.000c	10.000c
Aluminum (primary pig. 99%) at	July 30	24.000c	24.000c	24.000c	25.000c
Straits tin (New York) at	July 30	95.625c	95.250c	94.500c	95.625c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Aug. 5	92.15	92.54	93.75	87.34
Average corporate	Aug. 5	95.01	95.16	96.23	91.19
Aaa	Aug. 5	100.32	100.65	101.97	95.32
Aa	Aug. 5	98.09	98.25	99.52	93.23
A	Aug. 5	94.41	94.56	95.92	91.62
Baa	Aug. 5	87.86	87.99	88.54	85.20
Railroad Group	Aug. 5	90.91	91.19	91.91	89.78
Public Utilities Group	Aug. 5	95.77	95.92	97.78	91.34
Industrials Group	Aug. 5	98.57	98.57	99.36	92.50
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Aug. 5	3.20	3.16	3.05	3.59
Average corporate	Aug. 5	4.07	4.06	3.99	4.33
Aaa	Aug. 5	3.73	3.71	3.63	4.05
Aa	Aug. 5	3.87	3.86	3.78	4.19
A	Aug. 5	4.11	4.10	4.01	4.30
Baa	Aug. 5	4.57	4.56	4.52	4.77
Railroad Group	Aug. 5	4.35	4.33	4.28	4.43
Public Utilities Group	Aug. 5	4.02	4.01	3.89	4.32
Industrials Group	Aug. 5	3.84	3.84	3.79	4.24
MOODY'S COMMODITY INDEX	Aug. 5	406.5	402.8	399.8	430.3
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	July 26	266,943	262,002	272,519	246,869
Production (tons)	July 26	289,506	255,448	277,429	282,617
Percentage of activity	July 26	93	83	89	93
Unfilled orders (tons) at end of period	July 26	427,875	451,865	356,484	433,554
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Aug. 1	104.95	110.31	109.99	110.16
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	July 12	1,591,390	1,322,770	1,706,210	1,863,070
Short sales	July 12	392,720	277,720	356,480	392,820
Other sales	July 12	1,248,510	1,001,640	1,290,360	1,531,980
Total sales	July 12	1,641,230	1,279,360	1,646,840	1,924,800
Other transactions initiated on the floor—					
Total purchases	July 12	326,380	265,500	429,240	394,810
Short sales	July 12	44,800	20,300	39,500	31,700
Other sales	July 12	334,610	278,770	385,260	371,000
Total sales	July 12	379,410	299,070	424,760	402,700
Other transactions initiated off the floor—					
Total purchases	July 12	470,228	419,094	550,780	644,290
Short sales	July 12	157,760	132,430	169,320	75,770
Other sales	July 12	609,199	478,576	610,562	639,970
Total sales	July 12	766,959	611,006	779,882	715,740
Total round-lot transactions for account of members—					
Total purchases	July 12	2,387,998	2,007,364	2,686,230	2,902,170
Short sales	July 12	595,280	430,450	565,300	500,290
Other sales	July 12	2,192,319	1,758,986	3,286,182	2,542,950
Total sales	July 12	2,787,599	2,189,436	2,851,482	3,043,240
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION:					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	July 12	1,208,686	979,005	1,131,478	1,679,737
Dollar value	July 12	$57,387,366	$45,019,661	$51,566,564	$90,589,510
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	July 12	1,132,737	902,816	1,185,643	1,386,929
Customers' short sales	July 12	13,154	6,599	10,219	8,180
Customers' other sales	July 12	1,119,583	896,217	1,175,424	1,378,749
Dollar value	July 12	$49,493,774	$38,883,018	$51,758,079	$72,447,447
Round-lot sales by dealers—					
Number of shares—Total sales	July 12	362,100	294,410	408,580	329,050
Short sales	July 12				
Other sales	July 12	362,100	294,410	408,580	329,050
Round-lot purchases by dealers—					
Number of shares	July 12	437,260	331,080	360,880	643,180
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short sales	July 12	813,910	617,440	748,710	563,020
Other sales	July 12	12,344,570	10,237,690	12,805,500	13,316,810
Total sales	July 12	13,158,480	10,855,130	13,554,210	13,879,830
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	July 29	119.4	119.3	119.2	117.9
Farm products	July 29	94.8	94.1	96.5	92.8
Processed foods	July 29	112.7	112.4	112.8	106.1
Meats	July 29	114.5	113.9	115.3	96.3
All commodities other than farm and foods	July 29	126.0	126.0	125.3	125.5

*Revised figure. ¶Includes 773,000 barrels of foreign crude runs. §Based on new annual capacity of 140,742,570 tons as of Jan. 1, 1958, as against Jan. 1, 1957 basis of 133,459,150 tons. †Number of orders not reported since introduction of Monthly Investment Plan. ‡Prime Western Zinc sold on delivered basis at centers where freight from East St. Louis exceeds one-half cent a pound.

	Latest Month	Previous Month	Year Ago
BUILDING PERMIT VALUATION — DUN & BRADSTREET, INC.—215 CITIES—Month of June:			
New England	$33,366,146	$36,226,131	$28,937,331
Middle Atlantic	110,334,636	155,415,330	101,987,405
South Atlantic	59,946,039	51,711,539	53,420,167
East Central	221,680,023	95,084,064	109,146,069
South Central	90,583,703	97,284,565	89,870,993
West Central	41,546,997	40,965,889	36,706,777
Mountain	25,115,141	29,867,313	25,343,009
Pacific	118,638,927	140,452,093	98,481,875
Total United States	$701,211,612	$647,007,924	$543,893,626
New York City	56,213,291	118,626,434	55,200,493
Outside New York City	644,998,321	528,381,490	488,693,133
BUSINESS FAILURES—DUN & BRADSTREET, INC.—Month of June:			
Manufacturing number	235	242	179
Wholesale number	125	125	95
Retail number	640	659	553
Construction number	161	207	164
Commercial service number	99	108	93
Total number	1,260	1,341	1,084
Manufacturers' liabilities	$13,959,000	$17,912,000	$12,966,000
Wholesale liabilities	5,685,000	5,472,000	7,156,000
Retail liabilities	21,692,000	18,279,000	17,715,000
Construction liabilities	7,390,000	10,771,000	10,066,000
Commercial service liabilities	7,719,000	3,812,000	3,551,000
Total liabilities	$61,445,000	$56,246,000	$51,454,000
BUSINESS INVENTORIES — DEPT. OF COMMERCE NEW SERIES — Month of May (Millions of dollars):			
Manufacturing	$51,000	$51,500	$53,900
Wholesale	12,100	12,200	12,700
Retail	23,900	23,900	23,900
Total	$87,000	*$87,600	$90,600
COMMERCIAL PAPER OUTSTANDING—FEDERAL RESERVE BANK OF NEW YORK— As of June 30 (000's omitted)	$965,000	$946,000	$454,000
COTTON AND LINTERS — DEPARTMENT OF COMMERCE—RUNNING BALES:			
Consumed month of June	595,648	599,690	648,964
In consuming establishment as of June 28	1,691,022	1,739,979	1,251,540
In public storage as of June 28	7,547,350	8,428,220	10,042,963
Linters—Consumed month of June	85,969	82,484	92,377
Stocks June 28	830,361	894,295	842,697
Cotton spindles active as of June 28	17,443,000	17,625,000	18,174,000
COTTON SPINNING (DEPT. OF COMMERCE):			
Spinning spindles in place on June 28	20,923,000	20,971,000	21,213,000
Spinning spindles active on June 28	17,443,000	17,625,000	18,174,000
Active spindle hours (000's omitted) June 28	7,637,000	7,503,000	8,396,000
Active spindle hours for spindles in place June	381.8	375.2	419.8
DEPARTMENT STORE SALES SECOND FEDERAL RESERVE DISTRICT, FEDERAL RESERVE BANK OF NEW YORK—1947-49 Average = 100—Month of June:			
Sales (average monthly), unadjusted	117	122	119
Sales (average daily), unadjusted	120	120	121
Sales (average daily), seasonally adjusted	124	124	125
EMPLOYMENT AND PAYROLLS—U. S. DEPT. OF LABOR—REVISED SERIES—Month of May:			
All manufacturing (production workers)	27,269,000	*11,328,000	12,894,000
Durable goods	6,278,000	*6,316,000	7,600,000
Nondurable goods	4,991,000	*5,012,000	5,294,000
Employment indexes (1947-49 Avg. = 100)—			
All manufacturing	91.2	91.6	104.2
Payroll indexes (1947-49 Average = 100)—			
All manufacturing	139.8	139.8	161.0
Estimated number of employees in manufacturing industries—			
All manufacturing	15,046,000	*15,113,000	16,762,000
Durable goods	8,484,000	*8,528,000	9,895,000
Nondurable goods	6,562,000	*6,585,000	6,867,000
LIFE INSURANCE—BENEFIT PAYMENTS TO POLICYHOLDERS—INSTITUTE OF LIFE INSURANCE—Month of May:			
Death benefits	$233,500,000	$259,200,000	$233,600,000
Matured endowments	58,800,000	60,700,000	63,200,000
Disability payments	10,500,000	10,600,000	*9,300,000
Annuity payments	48,700,000	49,400,000	44,600,000
Surrender values	123,100,000	132,700,000	108,700,000
Policy dividends	110,000,000	111,600,000	92,000,000
Total	$584,600,000	$624,200,000	*$551,400,000
LIFE INSURANCE PURCHASES — INSTITUTE OF LIFE INSURANCE — Month of May (000,000's omitted):			
Ordinary	$3,868	*$3,997	*$4,012
Industrial	595	*544	*650
Group	999	*1,024	*1,698
Total	$5,462	*$5,565	*$6,360
MANUFACTURERS' INVENTORIES AND SALES (DEPT. OF COMMERCE) NEW SERIES Month of May (millions of dollars):			
Inventories—			
Durables	$28,999	*$29,424	$31,566
Nondurables	21,956	*22,062	22,343
Total	$50,955	*$51,486	$53,909
Sales	15,116	*24,945	28,617
MONEY IN CIRCULATION—TREASURE DEPT. As of May 31 (000's omitted)	$30,994,000	$30,565,000	$30,836,000
PRICES RECEIVED BY FARMERS — INDEX NUMBER — U. S. DEPT. OF AGRICULTURE—1910-1911 = 100—As of June 15:			
All farm products	255	264	242
Crops	232	246	241
Commercial vegetables, fresh	232	314	284
Cotton	246	246	266
Feed, grains and hay	167	163	179
Food grains	197	221	225
Fruit	277	268	231
Oil-bearing crops	239	238	263
Potatoes	180	224	155
Tobacco	474	475	457
Livestock	275	280	242
Dairy products	241	244	248
Meat animals	348	355	280
Poultry and eggs	163	168	143
Wool	212	204	313
UNITED STATES EXPORTS AND IMPORTS BUREAU OF CENSUS — Month of April (000's omitted:			
Exports	$1,530,600	$1,556,900	$1,863,600
Imports	1,092,000	1,085,500	1,119,000

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
• ITEMS REVISED

Acme United Life Insurance Co., Atlanta, Ga.
June 30 filed 315,000 shares of common stock (par $1) to be offered for subscription by common stockholders at the rate of three new shares for each two shares held of record June 30, 1958. **Price**—$6.25 per share to shareholders, and $7.50 for any unsubscribed shares. **Proceeds**—For working capital and general corporate purposes. **Underwriter**—None.

Aircraft Armaments, Inc., Cockeysville, Md.
July 16 (letter of notification) 70,000 shares of common stock (par $1) to be offered for subscription by stockholders of record July 10, 1958 (with an oversubscription privilege). Transferable subscription warrants will be issued at the rate of 7/8th of a warrant for each share now held. Warrants expire Aug. 29, 1958. **Price**—$2.50 per share. **Proceeds**—To reduce its present short-term indebtedness and to procure production and test equipment. **Underwriter**—None.

American-Caribbean Oil Co. (N. Y.)
Feb. 28 filed 500,000 shares of common stock (par 20¢). **Price**—To be supplied by amendment. **Proceeds** — To discharge current liabilities and to drill ten wells. **Underwriters**—To be named by amendment.

• American Durox Corp., Englewood, Colo.
May 1 filed 2,500,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—For construction of new plant and establishment of the business at Tampa, Fla., including payment of the balance due on a plant site. **Underwriter**—I. A. I. Securities Corp., 3385 S. Bannock Street, Englewood, Colo. Statement effective July 25.

American Mutual Investment Co., Inc.
Dec. 17 filed 490,000 shares of capital stock. **Price**—$10.20 per share. **Proceeds**—For investment in first trust notes, second trust notes and construction loans. Company may develop shopping centers and build or purchase office buildings. **Office** — 900 Woodward Bldg., Washington, D. C. **Underwriter** — None. Sheldon Magazine, 1201 Highland Drive, Silver Spring, Md., is President.

• American Petrofina, Inc., New York (8/20)
July 29 filed $6,950,000 of 5½% subordinated convertible debentures due Jan. 1, 1973, of which $5,000,000 principal amount are to be offered for account of Atlas Corp., and $1,950,000 principal amount are to be offered in exchange for a like amount of 5½% subordinated convertible notes issued June 30, 1958. **Price**—To be supplied by amendment. **Underwriters**—White, Weld & Co., Blyth & Co., Inc. and Hemphill, Noyes & Co., all of New York.

Anderson Electric Corp.
Dec. 23 (letter of notification) 14,700 shares of class B common stock (par $1). **Price**—$12 per share. **Proceeds**—To go to selling stockholders. **Office**—700 N. 44th Street, Birmingham, Ala. **Underwriters** — Cruttenden, Podesta & Co., Chicago, Ill.; and Odess, Martin & Herzberg, Inc., Birmingham, Ala.

Anita Cobre U. S. A., Inc., Phoenix, Ariz.
Sept. 30 filed 85,000 shares of common stock. **Price**—At par ($3.75 per share). **Proceeds**—For investment in subsidiary and working capital. **Underwriter**—Selected Securities, Inc., Phoenix, Ariz.

• Apache Oil Corp., Minneapolis, Minn. (8/18)
July 28 filed 94,766 shares of common stock (par $2.50) to be offered for subscription by stockholders at the rate of one new share for each four shares held about Aug. 18, 1958. Rights to expire on Sept. 2. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Underwriter**—Piper, Jaffray & Hopwood, Minneapolis, Minn.

Arden Farms Co., Los Angeles, Calif.
June 4 filed 172,162 shares of common stock (par $1) being offered for subscription by holders of outstanding common stock at the rate of one new share for each five shares held on July 7, 1958; rights to expire about Sept. 22, 1958. **Price**—$14 per share. **Proceeds**—To pay off an equivalent portion of the company's current bank loans which, at May 15, 1958, amounted to $8,450,000. **Underwriter**—None. Statement effective July 7.

Arizona Color Film Processing Laboratories
July 14 filed 500,000 shares of common stock (par $1). A recission offer is being made with respect to stock offered beginning April 8, 1958 to residents of the State of Arizona. **Price**—$2 per share. **Proceeds**—For land, building and equipment, and working capital. **Office**—Scottsdale, Ariz. **Underwriter**—None.

• Arnold Altex Aluminum Co. (8/25-29)
July 28 filed 300,000 shares of 35 cents cumulative convertible preferred stock (par $4). **Price**—To be supplied by amendment. **Proceeds**—$1,150,000 is to be used for repayment of funds borrowed from James Talcott, Inc., on assignment of accounts receivable and warehouse receipts; $40,000 for the purchase of additional equipment; and the balance for general corporate purposes. **Office**—Miami, Fla. **Underwriter**—Cruttenden, Podesta & Co., Chicago, Ill.

Associated Grocers, Inc., Seattle, Wash.
June 30 filed 4,788 shares of common capital stock (par $50) and $1,500,000 of 5% subordinated registered debenture notes, second series, and $606,000 of 5% coupon bearer debentures. To be offered to members of the association. **Proceeds** — For working capital. **Underwriter**—None.

★ Axe-Houghton Fund A, Inc., Tarrytown, N. Y.
Aug. 1 filed (by amendment) an additional 1,000,000 shares of capital stock (par $1). **Price**—At market. **Proceeds**—For investment.

Bankers Fidelity Life Insurance Co.
Feb. 28 filed 258,740 shares of common stock (par $1), of which 125,000 shares are to be offered publicly and 133,740 shares to employees pursuant to stock purchase options. **Price**—To public, $6 per share. **Proceeds**—For expansion and other corporate purposes. **Office** — Atlanta, Ga. **Underwriter**—None.

• Bankers Management Corp. (8/27)
Feb. 10 filed 400,000 shares of common stock (par 25 cents.) **Price**—$1 per share. **Proceeds**—To reduce outstanding indebtedness and for working capital. **Office**—Houston, Texas. **Underwriter** — McDonald, Holman & Co., Inc., New York.

Bankers Southern, Inc.
April 14 filed 8,934 shares of common stock. **Price**—At par ($100 per share). **Proceeds**—For general corporate purposes. **Underwriter** — Bankers Bond Co., Louisville, Ky.

• Berkshire Gas Co.
July 16 (letter of notification) 18,461 shares of common stock (par $10) being offered for subscription by stockholders of record July 29, 1958 on the basis of one new share for each 6.5 shares held (with an oversubscription privilege); rights to expire Aug. 21, 1958. **Price**—$14.75 per share. **Proceeds**—To repay short-term notes. **Office**—20 Elm St., Pittsfield, Mass. **Underwriter**—None.

Budget Finance Plan, Los Angeles, Calif.
June 10 filed 132,000 shares of 6% serial preferred stock ($10 par). **Price**—To be supplied by amendment. **Proceeds**—To be used in conjunction with proposed merger of company and Signature Loan Co., Inc. Stockholders of Budget Finance will vote on proposal Aug. 5, 1958. **Underwriter** — Shearson, Hammill & Co., New York. **Offering**—Expected late in September.

Calidyne Co., Inc., Winchester, Mass.
June 4 filed 230,875 shares of common stock (par $1). These shares are issuable upon conversion of an aggregate principal amount of $923,500 of 10-year 3% convertible subordinated income notes of the Calidyne Co., a limited partnership, which notes were assumed by the company Dec. 31, 1957. The notes are convertible at any time after July 1, 1958, until the maturity or prior redemption of the notes at a conversion price of $4 per share. **Underwriter**—None.

Campbell Chibougamau Mines Ltd.
March 10 filed 606,667 shares of capital stock (par $1), of which 506,667 were issued in connection with the acquisition of all the assets of Yorcan Exploration Ltd. (latter proposes to distribute said shares ratably to its stockholders of record Dec. 16, 1957). The remaining 100,000 shares are to be sold for the account of the Estate of A. M. Collings Henderson on the American and Toronto Stock Exchanges. **Price**—At market. **Proceeds**—To selling stockholders. **Office**—Toronto, Canada. **Underwriter**—None.

★ Canada Dry Corp. (8/27)
Aug. 6 filed 392,611 shares of common stock (par $1.66⅔) to be offered for subscription by common stockholders of record Aug. 26, 1958 on the basis of one new share for each five shares held. **Price**—To be supplied by amendment. **Proceeds**—For repayment of bank loans, to purchase and install machinery, and for working capital. **Underwriters**—Eastman Dillon, Union Securities & Co., Hornblower & Weeks and Winslow, Cohu & Stetson, all of New York.

Carrtone Laboratories, Inc., Metairie (New Orleans), La.
July 2 filed 600,000 shares of common stock (par 10 cents). **Price**—$5 per share. **Proceeds**—For expansion, working capital and other corporate purposes. **Underwriter**—None.

★ Central Oils Inc., Seattle, Wash.
July 30 filed 1,000,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds** — For drilling costs. **Underwriter**—None. Offering to be made through A. R. Morris and H. C. Evans, President and Vice-President, respectively, on a best-efforts basis. **Office**—4112 Arcade Building, Seattle, Wash.

Cinemark II Productions, Inc.
June 30 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Office** — 937 Acequia Madre Rd., Santa Fe, N. M. **Underwriter**—Watson & Co., Santa Fe, N. M.

★ Columbia & Rensselaer Telephone Corp.
Aug. 4 (letter of notification) 2,800 shares of common stock (no par) to be offered for subscription by stockholders at the rate of one new share for each 2.572 shares held. **Price**—$60 per share. **Proceeds**—For construction of new telephone plant. **Office**—19 Railroad Avenue, Chatham, N. Y. **Underwriter**—None.

Commerce Oil Refining Corp.
Dec. 16 filed $25,000,000 of first mortgage bonds due Sept. 1, 1968, $20,000,00 of subordinated debentures due Oct. 1, 1968 and 3,000,000 shares of common stock to be offered in units as follows: $1,000 of bonds and 48 shares of stock and $100 of debentures and nine shares of stock. **Price**—To be supplied by amendment. **Proceeds** — To construct refinery. **Underwriter**—Lehman Brothers, New York. **Offering**—Indefinite.

Consolidated Cuban Petroleum Corp.
July 1 filed 419,000 outstanding shares of common stock (par 20 cents). **Price**—Related to the current market price on the American Stock Exchange. **Proceeds**—To selling stockholders. **Underwriter**—None.

NEW ISSUE CALENDAR

August 11 (Monday)
Utah Power & Light Co.__________Bonds
(Bids noon EDT) $20,000,000

August 12 (Tuesday)
Haratine Gas & Oil Co., Inc.__________Common
(Herbert Perry & Co., Inc.) $299,950
Houston Corp.__________Debs. & Common
(Blyth & Co., Inc.; Lehman Brothers; Allen & Co. and Scharff & Jones, Inc.) 361,880 units
Montana Power Co.__________Bonds
(Bids noon EDT) $20,000,000

August 13 (Wednesday)
Consolidated Natural Gas Co.__________Debentures
(Bids 11:30 a.m. EDT) $45,000,000
Curtis (S.) & Son, Inc.__________Common
(Offering to stockholders—to be underwritten by Smith, Ramsay & Co., Inc.) 5,000 shares

August 14 (Thursday)
Missouri Pacific RR.__________Equip. Trust Ctfs.
(Bids to be invited) $4,275,000

August 18 (Monday)
Apache Oil Corp.__________Common
(Offering to stockholders—to be underwritten by Piper, Jaffray & Hopwood) 94,766 shares
Pillsbury Mills, Inc.__________Common
(Goldman, Sachs & Co. and Piper, Jaffray & Hopwood) 100,000 shares

August 19 (Tuesday)
One-Hour Valet, Inc.__________Common
(R. S. Dickson & Co., Inc.) 102,566 shares
Standard Oil Co. (New Jersey)__________Common
(To be offered in exchange for Humble Oil & Refining Co. stock—Morgan Stanley & Co. will act as exchange agent) 11,406,078 shares

August 20 (Wednesday)
American Petrofina, Inc.__________Debentures
(White, Weld & Co., Blyth & Co., Inc. and Hemphill, Noyes & Co.) $6,950,000
Norfolk & Western Ry.__________Equip. Trust Ctfs.
(Bids noon EST) $2,310,000
North Carolina Natural Gas Corp.__Debs. & Com.
(Kidder, Peabody & Co.) $8,580,000
Public Service Electric & Gas Co.__________Bonds
(Bids 11 a.m. EDT) $60,000,000

August 25 (Monday)
Arnold Altex Aluminum Co.__________Preferred
(Cruttenden, Podesta & Co.) $1,200,000
Southern California Edison Co.__________Bonds
(Bids to be invited) $50,000,000

August 26 (Tuesday)
New England Telephone & Telegraph Co.__Debens.
(Bids 11 a.m. EDT) $40,000,000
Universal-Cyclops Steel Corp.__________Debentures
(A. G. Becker & Co., Inc.) $22,500,000

August 27 (Wednesday)
Bankers Management Co.__________Common
(McDonald, Holman & Co., Inc.) $400,000
Pennsylvania Power Co.__________Bonds
(Bids 11 a.m. EDT) $8,000,000

September 3 (Wednesday)
Rassco Financial Corp.__________Debentures
(Rassco Israel Corp.) $1,000,000

September 10 (Wednesday)
South Carolina Electric & Gas Co.__________Bonds
(Bids to be invited) $10,000,000

September 15 (Monday)
Gulf States Utilities Co.__________Bonds
(Bids to be invited) $17,000,000

September 23 (Tuesday)
Consumers Power Co.__________Bonds
(Bids to be invited) $40,000,000
Consumers Power Co.__________Preferred
(Bids to be invited) $20,000,000

September 30 (Tuesday)
Mountain States Telephone & Telegraph Co.__________Common
(Offering to stockholders—no underwriting) $70,096,100
Southwestern Bell Telephone Co.__________Debentures
(Bids to be invited) $110,000,000

October 1 (Wednesday)
National Fuel Gas Co.__________Debentures
(Bids 11:30 a.m. EDT) $25,000,000

October 21 (Tuesday)
Cincinnati & Suburban Bell Telephone Co.__Debs.
(Bids to be received) $25,000,000

Consolidated Natural Gas Co. (8/13)
July 18 filed $45,000,000 of debentures due Aug. 1, 1983. **Proceeds**—For new construction and to repay short-term bank loans. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; White, Weld & Co. and Paine, Webber, Jackson & Curtis (jointly); Morgan Stanley & Co. and First Boston Corp. (jointly). **Bids**—To be received up to 11:30 a.m. (EDT) on Aug. 13 at Room 3000, 30 Rockefeller Plaza, New York 20, N. Y.

Counselors Research Fund, Inc., St. Louis, Mo.
Feb. 5 filed 100,000 shares of capital stock, (par one cent). **Price**—At market. **Proceeds**—For investment. **Underwriter** — Counselors Research Sales Corp., St. Louis. Robert H. Green is President.

Cuban-Venezuelan Oil Voting Trusts, Havana, Cuba
March 31 filed 767,838 units of voting trust certificates each certificate representing the ownership of one share of common stock (par one-half cent) in each of 24 Cuban companies. **Price** — To be supplied by amendment. **Proceeds**—For capital expenditures, exploration costs and other corporate purposes. **Underwriter**—None.

Curtis (S.) & Son, Inc. (8/13)
July 18 (letter of notification) 5,000 shares of common stock (par $10) to be offered for subscription by stockholders at the rate of five new shares for each 17 shares held of record Aug. 12, 1958. **Price**—$19 per share to stockholders; to public, $20 per share. **Proceeds**—To finance additional building, machinery, equipment; and for working capital. **Office**—Sandy Hook, Conn. **Underwriter**—Smith, Ramsay & Co., Inc, Bridgeport, Conn.

Daybreak Uranium, Inc., Opportunity, Wash.
Jan. 29 filed 1,156,774 shares of common stock (par 10 cents), of which 630,000 shares are to be offered for account of company and 526,774 shares for selling stockholders. **Price**—At market. **Proceeds**—For exploration and drilling costs and other corporate purposes. **Underwriter**—Herrin Co., Seattle, Wash.

Delhi-Taylor Oil Corp., Dallas, Texas
July 15 filed 575,869 depositary units for the class A stock of the Houston Corp., to be offered for subscription by the holders of common stock of Delhi-Taylor of record May 23, 1958 on a 1-for-10 basis (with an oversubscription privilege). Each depositary unit will represent (a) the beneficial ownership of one share of class A stock of the Houston Corp. and (b) an irrevocable option to purchase 3,945/10,000ths of one additional share of class A stock of Houston during a two-year period commencing on Aug. 15, 1959, or such earlier date as may be determined. **Price**—To be supplied by amendment. **Underwriters**—Lehman Brothers and Allen & Co., both of New York.

Derson Mines Ltd.
June 5 filed 350,000 shares of common stock. **Price**—$1 per share. **Proceeds**—For new equipment, repayment of loan, acquisition of properties under option, and other corporate purposes. **Office**—Toronto, Canada, and Emporium, Pa. **Underwriter**—None.

Diketan Laboratories, Inc.
June 10 (letter of notification) 43,336 shares of common stock (par $1) to be offered to stockholders on the basis of one share for each 10 shares held until the close of business on June 20, 1958. **Price**—$1.10 per share. **Proceeds**—For the general fund of the company. **Office**—5837 W. Adams Blvd., Culver City, Calif. **Underwriter**—Lloyd Arnold & Co., Beverly Hills, Calif.

Dixon Chemical & Research, Inc.
Dec. 24 filed 165,625 shares of common stock (par $1) to be offered for subscription by common stockholders at the rate of one new share for each four shares held. **Price**—To be supplied by amendment. **Proceeds**—For expansion and general corporate purposes. **Office** — Clifton, N. J. **Underwriter**—P. W. Brooks & Co., Inc. New York. **Offering**—Indefinitely postponed. Statement may be withdrawn. Other financing may be arranged.

★ **Drinks, Inc.**
July 28 (letter of notification) 200,000 shares of common stock, (par five cents). **Price**—$1.50 per share. **Proceeds**—For working capital and reducing current indebtedness. **Office**—136 East 38th Street, New York 16, N. Y. **Underwriter** — Capital Reserve Corp., 1346 Connecticut Avenue, Washington 6, D. C.

★ **Electronic Industries Inc.**
July 29 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—To exercise option to acquire assets of Photo Chemical Products of California, Inc., reserve to acquire raw materials and for working capital. **Office** — c/o Wade Church, 707 Arizona Savings Building, Phoenix, Ariz. **Underwriter**—None.

Ethodont Laboratories, Berkeley, Calif.
Feb. 20 filed 300,000 shares of common stock. **Price**—At par ($5 per share). **Proceeds**—To cover operating expense during the development period of the corporation. **Underwriter**—None.

Federal Commercial Corp.
May 21 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—50 cents per share. **Proceeds**—To make loans, etc. **Office** — 80 Wall St., New York, N. Y. **Underwriter**—Dumont Securities Corp., New York, N. Y.

Fidelity Bankers Life Insurance Corp.
March 7 filed 450,000 shares of common stock (par $1) (subsequently amended to 300,000 shares). **Price**—$7 per share. **Proceeds**—For expansion and other corporate purposes. **Office**—Richmond, Va. **Underwriter**—Willis, Kenny & Ayres, Inc., Richmond, Va.

★ **Fields' Louisiana Corp., Baton Rouge, La.**
July 31 filed 400 shares of common stock (no par) $500,000 of 6% debenture bonds and $50,000 of promissory notes to be offered in units of four shares of stock, $2,000 of bonds and $500 of notes. **Price**—$7,500 per unit. **Proceeds**—To take over a contract to purchase the Bellemont Motor Hotel in Baton Rouge; for equipment; and working capital. **Underwriter**—None.

First Backers Co., Inc., Clifton, N. J.
April 7 filed $1,000,000 of 12% notes, payable nine months after date of issue in units of $100 or in multiples thereof. **Price**—100% of principal amount. **Proceeds**—To be used solely for purchase of notes and other indebtedness issued in payment for improvements on homes and secured by mortgages or other liens upon the improved properties. **Underwriter**—None.

Fluorspar Corp. of America
Dec. 26 filed 470,000 shares of common stock (par 25 cents). **Price**—$3 per share. **Proceeds**—For exploration work and working capital. **Office** — Portland, Ore. **Underwriter**—To be named by amendment. Sol Goldberg is President.

Forest Laboratories, Inc.
March 26 filed 150,000 shares of capital stock (par 10 cents). **Price**—$2.50 per share. **Proceeds**—For sales promotion of company's products, working capital, additional inventory and accounts receivable, for research and development and for other general corporate purposes. **Office**—Brooklyn, N. Y. **Underwriters**—Statement to be amended.

Fort Pierce Port & Terminal Co.
May 23 filed 2,138,500 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To pay some $174,000 of outstanding indebtedness and to complete phase one of the port development plan, at a cost of $1,425,248, and the balance will be added to working capital. **Office**—Fort Pierce, Fla. **Underwriter**—Atwill & Co., Inc., of Miami Beach, Fla., on a best efforts basis.

★ **Future Planning Corp., New York**
July 30 filed $15,000,000 of Plans for the accumulation of shares of Pioneer Fund, Inc.

General Aniline & Film Corp., New York
Jan. 14, 1957 filed 426,988 shares of common A stock (no par) and 1,537,500 shares of common B stock (par $1). **Proceeds**—To the Attorney General of the United States. **Underwriter**—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc., and The First Boston Corp. (jointly); Kuhn, Loeb & Co.; Lehman Brothers, and Glore, Forgan & Co. (jointly). **Bids**—Had been scheduled to be received up to 3:45 p.m. (EDT) on May 13 at Room 654, 101 Indiana Ave., N. W., Washington 25, D. C., but bidding has been postponed.

General Devices, Inc., Princeton, N. J.
March 31 (letter of notification) 40,000 shares of common stock (par $1) to be offered for subscription by stockholders at the rate of approximately 18.5 shares for each 100 shares held about April 15; unsubscribed shares to public. **Price**—$3.50 per share. **Proceeds**—For expansion, equipment and working capital. **Underwriter**—None.

Georgia Casualty & Surety Co., Atlanta, Ga.
May 6 filed 450,000 shares of common stock (par $1). **Price**—$6 per share. **Proceeds** — For general corporate purposes. **Underwriter**—Buckley Enterprises, Inc.

★ **Girard Investment Co.**
July 28 (letter of notification) $250,000 of 6% 15-year junior subordinated debentures to be offered in denominations of $100 and multiples thereof. **Price** — At par. **Proceeds**—For working capital. **Office**—7600 West Chester, Upper Darby, Pa. **Underwriter**—None.

Glassheat Corp.
Feb. 12 (letter of notification) 150,000 shares of class A common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—1 E 35th Street, New York 16, N. Y. **Underwriter**—James Anthony Securities Corp., 37 Wall St., New York 5, N. Y.

Guardian Insurance Corp., Baltimore, Md.
Aug. 16, 1957, filed 300,000 shares of common stock, of which 200,000 shares are to be publicly offered and the remaining 100,000 shares reserved for issuance upon exercise of warrants which are to be sold at 25 cents per warrant to organizers, incorporators, management, and/or directors. **Price**—$10 per share. **Proceeds**—For working capital and general corporate purposes. **Underwriter**—None.

Haratine Gas & Oil Co., Inc. (8/12-13)
June 23 (letter of notification) 199,900 shares of common stock (par five cents). **Price**—$1.50 per share. **Proceeds**—For development of oil and gas properties. **Office**—24181 Effingham Blvd., Euclid 17, Ohio. **Underwriter**—Herbert Perry & Co., Inc., New York, N. Y.

Hoagland & Dodge Drilling Co., Inc.
June 12 filed 27,000 shares of capital stock. **Price**—$10 per share. **Proceeds**—To be used in part for the exploration of mines and development and operation of mines and in payment of indebtedness. **Office**—Tucson, Ariz. **Underwriter**—None.

Houston Corp. (8/12)
July 3 filed $36,188,000 of subordinated debentures due Aug. 1, 1968, and 1,809,400 shares of common stock (par $1) to be offered in units of $100 principal amount of debentures and five shares of stock. **Price**—To be supplied by amendment. **Proceeds** — Together with other funds, will be used to purchase the notes and common stock of Coastal Transmission Corp., the notes and common stock of Houston Texas Gas & Oil Corp., and 80% of Jacksonville Gas Corp. common stock, and the balance will be added to working capital and used for general corporate purposes. **Underwriters** — Blyth & Co., Inc., Lehman Brothers and Allen & Co., all of New York, and Scharff & Jones, Inc., of New Orleans, La.

Houston Corp.
July 3 filed 818,333 shares of common stock and 575,869 shares of class A stock to be offered to holders of outstanding common, on the basis of 1.51 times for each share of common stock held and approximately 1.5 shares of class A stock for each 381,273 class A share held. (The right to subscribe with respect to 133,850 outstanding class A shares has been waived.) Furthermore, $511,500 of debentures and an unspecified amount of common shares (to be supplied by amendment) will be issued in connection with the acquisition of outstanding common stock of Jacksonville Gas Corp.

Hussman Refrigerator Co., St. Louis, Mo.
June 27 filed 31,584 shares of common stock (par $5) to be offered in exchange for the issued and outstanding shares of common stock (par $5) of Duro-Consolidated, Inc., and for the shares of Duro common which may be issued upon conversion of Duro's $200,000 subordinated convertible debentures, series of 1956.

★ **Income Fund of Boston, Inc.**
Aug. 4 filed (by amendment) an additional 1,000,000 shares of common stock (par $1). **Price** — At market. **Proceeds**—For investment.

Industrial Minerals Corp., Washington, D. C.
July 24 filed 600,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—To develop and operate graphite and mica properties in Alabama. **Underwriters**—Dearborn & Co. and Carr-Rigdom & Co., both of Washington, D. C., on a best efforts basis.

Industro Transistor Corp. (N. Y.)
Feb. 28 filed 150,000 shares of common stock (par 10 cents). **Price**—To be related to the market price. **Proceeds**—For working capital and to enlarge research and development department. **Underwriter** — S. D. Fuller & Co., New York. **Offering**—Being held in abeyance.

Insured Accounts Fund, Inc., Boston, Mass.
May 12 filed 5,000 shares of common stock. **Price**—$5,000 per share. **Proceeds**—For investment. **Business**—To invest primarily in share accounts insured by the Federal Savings and Loan Insurance Corp., in savings and loan associations throughout the country. **Underwriter**—None. Ben H. Hazen is President.

International Opportunity Life Insurance Co.
June 2 filed 5,000,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—For working capital and other corporate purposes. **Office**—Denver, Colo. **Underwriter**—Columbine Securities Corp., Denver, Colo.

Investors Realty Mortgage & Financial Corp.
July 24 filed $250,000 of investors income certificates (6% 10-year maturities) and 125,000 shares of class A common stock. **Price**—The certificates will be offered in various denominations at 100% per certificate, and the class A common stock at $2 per share. **Proceeds**—For the purpose of owning, buying and selling, and otherwise dealing in real estate, or matters pertaining to real estate and the improvement thereof, in the areas in which the company will operate. **Office**—Aiken, S. C. **Underwriter**—None.

★ **Investors Syndicate of America, Inc.**
Aug. 1 filed (by amendment) additional installment face amount certificates as follows: $1,000,000 of series 6; $15,000,000 of series 10; $35,000,000 of series 15; and $200,000,000 of series 20. **Office**—Minneapolis, Minn.

★ **J. E. Plastics Manufacturing Corp.**
July 28 (letter of notification) 39,852 shares of common stock (par 10 cents) of which 38,750 shares will be sold publicly. **Price**—$2.12½ per share. **Proceeds**—To selling stockholder. **Underwriter**—John R. Boland & Co., Inc., 30 Broad St., New York, N. Y.
July 30 (letter of notification) 95,001 shares of common stock (par 10 cents) and 31,667 warrants to purchase common stock which are not exercisable prior to Nov. 1, 1959 to be offered in units of 300 shares of stock and 100 warrants. **Price**—$650 per unit. **Proceeds**—To purchase new machinery and for working capital. **Office**—400 Nepperhan Avenue, Yonkers, N. Y. **Underwriter**—None.

Jacksonville Capri Associates Ltd., Jacksonville, Fla.
July 23 filed $325,000 of limited partnership interests. **Price**—$5,000 per unit. **Proceeds**—For the purpose of acquiring and operating the Capri Motel in Jacksonville, Fla. **Underwriter**—None.

Kalvar Corp., New Orleans, La.
July 28 (letter of notification) 15,000 shares of common stock (par two cents) to be offered for subscription by common stockholders of record Aug. 15, 1958 on the basis of one new share for each five shares held; rights to expire on Aug. 25, 1958. **Price**—$20 per share. **Proceeds**—To retire bank loans, to invest in fixed assets and for working capital. **Office**—909 South Broad St., New Orleans 25, La. **Underwriter**—Howard, Weil, Labouisse, Friedrichs & Co., New Orleans, La.

Laclede Gas Co.
June 18 filed $10,000,000 of first mortgage bonds due 1983. **Proceeds**—To refund 4⅞% first mortgage bonds due 1982. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Blyth & Co., Inc.; Lehman Brothers, Merrill Lynch, Pierce, Fenner & Smith and Reinholdt & Gardner (jointly); Eastman Dillon, Union Securities & Co.; Stone & Webster Securities Corp. **Bids**—Had been expected to be received up to 11 a.m. (EDT) on July 8, but offering has been postponed indefinitely.

● **Laughlin Alloy Steel Co., Inc., Las Vegas, Nev.**
June 13 filed $500,000 of 6% unsecured convertible debentures due June 30, 1968 and 150,000 shares of common stock (par 10 cents). These securities are to be offered in 5,000 units, each consisting of $100 of debentures and

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Continued from page 39

30 common shares. **Price**—$100 per unit. **Proceeds**—Together with the $175,000 mortgage loan of the American Brake Shoe Co., will be used to meet expenditures in acquiring latter company's South San Francisco foundry and for working capital. **Underwriter**—Sam Watson Co., Inc., Little Rock, Ark. Statement to be withdrawn.

Leader-Cleveland Realty Associates, N. Y.
July 16 filed $1,280,000 of participations in partnership interests. **Price**—$10,000 per participation. **Proceeds**—To purchase the Leader Building in Cleveland, Ohio. **Underwriter**—None.

Life Insurance Securities Corp.
March 28 filed 1,000,000 shares of capital stock (par $1) **Price**—$5 per share. **Proceeds**—To acquire stock control of "young, aggressive and expanding life and other insurance companies and related companies and then to operate such companies as subsidiaries." **Underwriter**—First Maine Corp., Portland, Me.

Longren Aircraft Co., Inc.
June 18 (letter of notification) 34,000 shares of common stock (par $1). **Price**—From 80 cents to $1.40 per share. **Proceeds**—To go to selling stockholders. **Office**—24751 Crenshaw Blvd., Torrance, Calif. **Underwriter**—Daniel Reeves & Co., Beverly Hills, Calif.

Lord Elgin Hotel Corp., N. Y. C.
July 29 filed $1,655,000 limited partnership interests in this company. **Price**—$5,000 per unit. **Proceeds**—To purchase hotel. **Underwriter**—Tenney Associates, Inc., New York.

● **Ludlow Typograph Co., Chicago, Ill.**
July 11 filed 106,156 shares of common stock (par $10) being offered for subscription by common stockholders of record July 31, 1958, on the basis of one new share for each two shares held; rights to expire on Aug. 20, 1958. **Price**—$10 per share. **Proceeds**—For working capital. **Business**—Composing room equipment and printing machinery and equipment. **Underwriter**—Shearson, Hammill & Co., New York.

Magna Investment & Development Corp.
May 26 filed 56,000 shares of common stock and $500,000 of 6% convertible debentures. **Price**—For debentures, at par (in $1,000 units); and for common stock, $4.50 per share. **Proceeds**—For contractual obligations, for working capital, and other general corporate purposes. **Business** — To engage primarily in the development and operation of various properties, including shopping centers. **Office**—Salt Lake City, Utah. **Underwriter**—J. A. Hogle & Co., Salt Lake City, Utah. Statement to be amended. **Offering**—Expected in latter part of August.

★ **Mansfield Tire & Rubber Co.**
July 31 filed $1,200,000 of participations in the company's Employees Stock Purchase Plan, together with 52,747 shares of common stock which may be purchased pursuant to the plan.

Martin Co., Baltimore, Md.
June 11 filed $25,000,000 of sinking fund debentures, due July 1, 1978. **Proceeds** — Working capital and general corporate purposes. **Price**—To be supplied by amendment. **Underwriter**—Smith, Barney & Co., N. Y. **Offering**, which was expected on July 2, has been postponed. Issue to remain in registration.

★ **Mercantile Acceptance Corp. of California**
July 22 (letter of notification) $30,000 of 5½% 12-year capital debentures. **Price**—At par. **Proceeds**—For working capital. **Office**—333 Montgomery Street, San Francisco, Calif. **Underwriter** — Guardian Securities Corp., San Francisco, Calif.

★ **Merical Exploration Co.**
July 25 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For mining expenses. **Office**—710 S. 4th Street, Las Vegas, Nev. **Underwriter**—None.

Michigan Gas Utilities Co.
July 9 filed 33,438 shares of common stock (par $5) being offered for subscription by common stockholders of record July 28, 1958, on the basis of one new share for each 10 shares held; rights to expire on Aug. 14. **Price** — $17 per share. **Proceeds** — Together with other funds, will be used for repayment of bank loans and for construction purposes. **Underwriter**—G. H. Walker & Co., of St. Louis, Mo. and New York and Kidder, Peabody & Co. and Stone & Webster Securities Corp., both of New York.

Mid-West Durex Co., Kansas City, Mo.
July 14 filed 725,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—For construction of plant and for working capital. **Underwriter**—Investment Sales, Inc., 532 E. Alameda Ave., Denver 9, Colo.

Modern Community Developers, Inc., Princeton, N. J.
May 27 filed 15,000 shares of common stock. **Price**—$100 per share. **Proceeds**—For working capital and general corporate purposes. **Underwriter**—None.

Montana Power Co. (8/12)
July 1 filed $20,000,000 of first mortgage bonds due 1988. **Proceeds** — Together with other funds, to be used to repay $15,500,000 in bank loans and to carry on the company's construction program through 1959. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Bros.; Merrill Lynch, Pierce, Fenner & Smith, and Stone & Webster Securities Corp. (jointly); White, Weld & Co.; Eastman Dillon, Union Securities & Co.; Kidder Peabody & Co., Smith, Barney & Co. and Blyth & Co., Inc. (jointly). **Bids**—To be received up to noon (EDT) on Aug. 12 at Room 2033, Two Rector St., New York, N. Y.

● **Montana Power Co.**
July 1 filed 100,000 shares of common stock (no par). The stock will be offered only to bona fide residents of Montana. **Price**—To be related to the current market price on the New York Stock Exchange. **Proceeds**—Together with other funds, to carry on the company's construction program through 1959. **Manager-Dealers** — Smith, Barney & Co., Kidder, Peabody & Co. and Blyth & Co., Inc.

★ **Mortgages, Inc.**
July 28 (letter of notification) 296,750 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—To be invested in notes secured by first and second liens upon properties to be selected by the management of the company. **Office**—223A Independence Building, Colorado Springs, Colo. **Underwriter**—Copley & Co., Colorado Springs, Colo.

Motel Co. of Roanoke, Inc., Roanoke, Va.
Nov. 18, 1957 (letter of notification) 60,000 shares of common stock (par 40 cents). **Price**—$5 per share. **Proceeds**—For purchase of land, construction and working capital. **Underwriter**—Southeastern Securities Corp., New York.

Motion Picture Investors Inc.
July 11 filed 200,000 shares of common stock (par $1). **Price**—$10.75 per share. **Proceeds**—For investment. **Office**—1000 Power & Light Bldg., Kansas City, Mo. **Underwriter**—None.

Municipal Investment Trust Fund, Inc. (N. Y.)
May 9, 1957 filed 5,000 units of undivided interests in Municipal Investment Trust Fund, Series A. **Price**—At market. **Proceeds**—For investment. **Sponsor**—Ira Haupt & Co., New York.

National Beryl & Mining Corp., Estes Park, Colo.
May 16 (letter of notification) 2,916,000 shares of non-assessable common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Underwriter**—Birkenmayer & Co., Denver, Colo.

National Educators Finance Corp.
June 4 (letter of notification) 50,000 shares of common stock. **Price**—At par (50 cents per share). **Proceeds**—To train and procure persons to implement and carry out the projected plan of development and operation. **Office**—1406 Pearl St., Boulder, Colo. **Underwriter**—Western Securities Co., Boulder, Colo.

National Gypsum Co.
June 25 filed 298,000 shares of common stock to be offered in exchange for all but not less than 90% of the outstanding shares of common stock of American Encaustic Tiling Co. Inc., in the ratio of one share of National Gypsum common for each 2-4/10ths of American Encaustic common. National Gypsum shall have the right, at its election, to accept less than 90% but in no event less than 81% of the American Encaustic common. Statement effective July 17.

Nedow Oil Tool Co.
May 5 (letter of notification) 150,000 shares of common stock (par one cent). **Price**—$2 per share. **Proceeds**—To pay loan; to acquire fishing tools for leasing; and for working capital. **Office**—931 San Jacinto Bldg., Houston, Tex. **Underwriter**—T. J. Campbell Investment Co., Inc., Houston, Tex.

★ **New England Telephone & Telegraph Co. (8/26)**
July 31 filed $40,000,000 of 34-year debentures due Sept. 1, 1992. **Proceeds** — To refund a like amount of 4½% first mortgage bonds, series B, due May 1, 1961, which are intended to be redeemed on Nov. 1, 1958. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Morgan Stanley & Co. **Bids**—To be received at Room 2315, 195 Broadway, New York, N. Y., up to 11 a.m. (EDT) on Aug. 26.

● **New Haven Clock & Watch Co.**
July 23 (letter of notification) 300,000 shares of common stock being offered for subscription by common stockholders of record July 29, 1958 at rate of one new share for each share owned (with an oversubscription privilege); rights to expire on Aug. 11, 1958. **Price**—At par ($1 per share). **Proceeds**—For general corporate purposes. **Underwriter**—L. D. Sherman & Co., New York.

★ **North Carolina Natural Gas Corp. (8/20)**
July 31 filed $5,200,000 of subordinated income debentures due Aug. 15, 1983, and 520,000 shares of common stock (par $2.50) to be offered in units of $20 of debentures and two shares of stock. **Price**—To be supplied by amendment (a maximum of $33 per unit). **Proceeds** — Together with funds from private placement of $13,750,000 of 5⅜% first mortgage pipeline bonds due June 1, 1979, to be used for construction program and working capital. **Office**—Fayetteville, N. C. **Underwriter**—Kidder, Peabody & Co., New York.

North Carolina Telephone Co.
June 19 (letter of notification) 207,143 shares of common stock to be offered to common stockholders at the ratio of one share for each six shares held. **Price**—At par ($1 per share). **Proceeds**—To pay off obligations and for telephone plant construction. **Underwriter**—None.

O. T. C. Enterprises Inc.
March 6 (letter of notification) 23,200 shares of common class B stock (par $1). **Price**—$5 per share. **Proceeds**—For completion of plant plans; land; construction and operating expenses. **Office**—2502 N. Calvert St., Baltimore 18, Md. **Underwriter**—Burnett & Co., Sparks, Md.

Oil Inc., Salt Lake City, Utah
April 4 filed 597,640 shares of common stock (par $1) to be offered for subscription by common stockholders of record March 24, 1958 at the rate of 1¼ new shares for each share then held. Employees may purchase 50,000 shares of unsubscribed stock. **Price**—To stockholders, $1.75 per share; and to public, $2 per share. **Proceeds**—For mining, development and exploration costs, and for working capital and other corporate purposes. **Underwriters**—Harrison S. Brothers & Co., and Whitney & Co., both of Salt Lake City, Utah.

Oil & Mineral Operations, Inc., Tulsa, Okla.
April 14 filed 200,000 shares of common stock. **Price**—$2.50 per share. **Proceeds**—For payment of loans, various—To acquire and operate mining claims and oil and gas equipment, and a reserve for future operations. **Business** properties. **Underwriter**—Universal Securities Co., Enterprise Building, Tulsa, Okla.

● **One-Hour Valet, Inc., Miami, Fla. (8/19-20)**
July 29 filed 102,566 shares of common stock (par $1). **Price** — To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriter**—R. S. Dickson & Co., Inc., Charlotte, N. C.

Paradox Production Corp., Salt Lake City, Utah
April 18 filed 767,818 shares of common stock (par $1), of which 100,000 shares are to be offered by the company in exchange for oil and gas properties and 3,000 for services; the remaining 664,818 shares are to be offered to the public. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriter**—Market Securities, Inc., Salt Lake City, Utah. Statement effective June 5.

Peckman Plan Fund, Inc., Pasadena, Calif.
May 19 filed 20,000 shares of common stock (par $1). **Price**—At market. **Proceeds**—For investment. **Underwriter**—Investors Investments Corp., Pasadena, Calif.

Peerless Weighing & Vending Machine Corp.
June 27 (letter of notification) a maximum of 25,000 shares of common stock (par $1) to be offered to minority stockholders on the basis of one new share for each four shares held. Any unsubscribed shares will be purchased by Rock-Ola Mfg. Corp. Warrants expire 20 days from date of issuance. **Price**—$4.25 per share. **Proceeds**—For working capital. **Office**—800 N. Kedzie Ave., Chicago 51, Ill. **Underwriter**—None.

★ **Pennsylvania Power Co. (8/27)**
Aug. 1 filed $8,000,000 of first mortgage bonds due 1988. **Proceeds**—To redeem a like amount of 5% first mortgage bonds due 1987. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; Equitable Securities Corp., and Shields & Co. (jointly); Lehman Brothers; Merrill Lynch, Pierce, Fenner & Smith and Dean Witter & Co. (jointly). **Bids**—Tentatively expected to be received up to 11 a.m. (EDT) on Aug. 27.

Peruvian Oils & Minerals Ltd., Toronto, Canada
July 11 filed 200,000 shares of capital stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Underwriter**—Doolittle & Co., Buffalo, N. Y., and Davidson Securities Ltd., Toronto, Canada.

Pillsbury Mills, Inc. (8/18)
July 29 filed 100,000 shares of common stock (par $25). **Price**—To be supplied by amendment. **Proceeds**—For capital expenditures. **Underwriters**—Goldman, Sachs & Co., New York, and Piper, Jaffray & Hopwood, Minneapolis, Minn.

Policy Advancing Corp.
March 25 (letter of notification) 30,250 shares of common stock (par $5) to be offered for subscription by common stockholders at the rate of one new share for each share held; unsubscribed shares to be offered to debenture holders and to others. **Price**—$8 per share. **Proceeds**—For working capital. **Office**—27 Chenango St., Binghamton, N. Y. **Underwriter**—None.

Potomac Plastic Co.
March 31 (letter of notification) $57,500 of 6% subordinated convertible debentures and 57,500 shares of class A common stock (par one cent) to be offered in units of 500 shares of stock and $500 of debentures. **Price**—$1,000 per unit. **Proceeds** — For equipment and working capital. **Office**—1550 Rockville Pike, Rockville, Md. **Underwriter**—Whitney & Co., Inc., Washington, D. C.

Prairie Fibreboard Ltd.
Feb. 28 filed 210,000 shares of common stock (par $1.50) to be offered for sale to residents of Canada in the Provinces of Manitoba, Saskatchewan and Alberta and to residents of the United States "only in the State of North Dakota." **Price** — $2.50 per share. **Proceeds** — For construction purpose. **Office** — Saskatoon, Saskatchewan, Canada. **Underwriter**—Allied Securities Ltd., Saskatoon, Canada.

Private Enterprise, Inc., Wichita, Kansas
May 5 filed 125,000 shares of common stock. **Price**—$10 per share. **Proceeds** — To be used to organize, or reorganize and then operate companies in foreign nations, principally, but not exclusively, in the Far East, Near East and Africa. **Underwriter**—None.

Public Service Electric & Gas Co. (8/20)
July 24 filed $60,000,000 of first and refunding mortgage bonds due Aug. 1, 1988. **Proceeds**—To be added to the general funds of the company, and will be used by it for its general corporate purposes, including payment before maturity of $10,000,000 principal amount of unsecured short-term bank loans made to the company on June 30, 1958, and payment of a portion of the cost of its current construction program. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kuhn, Loeb & Co. and Lehman Brothers (jointly). **Bids**—Expected to be received up to 11 a.m. (EDT) on Aug. 20 at 80 Park Place, Newark, N. J.

★ **Rangeley Saddleback Corp., Rangeley, Me.**
July 24 (letter of notification) 24,760 shares of common stock. **Price**—At par ($10 per share). **Proceeds**—For building and operating a ski resort. **Underwriter**—None.

Rapid-American Corp., New York
June 19 filed $1,504,000 of 7% sinking fund debentures, due Nov. 15, 1967, together with 105,000 shares of com-

mon stock (par $1). **Proceeds**—The debentures are already outstanding having been issued in payment of 47,000 shares of common stock of Butler Brothers which were acquired by Rapid American from 19 persons, including three directors of the corporation. The debentures are being registered against the possibility that they may be sold by present owners. Of the 105,000 common shares, 75,000 are issuable under the company's Restricted Stock Option Plan for officers and key employees, and 30,000 under the Employees' Stock Purchase Plan. **Underwriter**—None.

● Rassco Financial Corp. (9/3)
June 26 filed $1,000,000 of 15-year 6% series A sinking fund debentures due 1973, to be offered in denominations of $500 and $1,000. **Price**—At par. **Proceeds**—For working capital and general corporate purposes. **Underwriter**—Rassco Israel Corp., New York, on a "best efforts" basis.

Richwell Petroleum Ltd., Alberta, Canada
June 26 filed 1,998,716 shares of common stock (par $1). Of this stock, 1,174,716 shares are to be sold on behalf of the company and 824,000 shares for the account of certain selling stockholders. The company proposes to offer the 1,174,716 shares for subscription by its shareholders at the rate of one new share for each three shares held. **Price**—To be supplied by amendment. **Proceeds**—To pay off demand note, to pay other indebtedness, and the balance if any will be added to working capital. **Underwriter**—Pacific Securities Ltd., Vancouver, Canada.

Riddle Airlines, Inc., Miami, Fla.
May 15 filed 750,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Underwriter**—James H. Price & Co., Inc., of Coral Gables, Fla., for 250,000 shares; balance on "best efforts" basis.

★ River Asphalt, Inc.
July 25 (letter of notification) 350 shares of common stock (no par). **Price**—$100 per share. **Proceeds**—For operation of an asphalt plant. **Address**—P. O. Box 366, Newell, W. Va. **Underwriter**—None.

Robosonic National Industries Corp., N. Y.
June 12 filed 500,000 shares of common stock, class B. **Price**—$3 per share. **Proceeds**—To manufacture on a contract basis an automatic telephone answering instrument; the enlargement of the research and development facilities of the company; patent and patent applications; public relations, and for working capital. **Underwriter**—None.

Rocky Mountain Quarter Racing Association
Oct. 31, 1957 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To repay outstanding indebtedness. **Office**—Littleton, Colo. **Underwriter**—R. B. Ford Co., Windover Road, Memphis, Tenn.

St. Regis Paper Co., New York
July 8 filed 118,746 shares of common stock (par $5) to be offered in exchange for outstanding shares of capital stock of Growers Container Corp., Salinas, Calif., on the basis of one St. Regis share for 18 shares of stock of Growers Container. **Underwriter**—None.

San Diego Imperial Corp., San Diego, Calif.
June 2 filed 70,000 shares of 5½% cumulative convertible preferred stock. **Price** — At par ($10 per share) **Proceeds**—To retire $550,000 of promissory notes. **Underwriter**—J. A. Hogle & Co., Salt Lake City, Utah. **Offering**—Postponed indefinitely.

★ Satellite Time Corp.
Aug. 1 (letter of notification) 4,950,000 shares of common stock (par one cent) to be issued upon exercise of warrants in units of 100 shares each. **Price** — $1 per unit. **Proceeds**—For working capital. **Office**—115 Broadway, New York 6, N. Y. **Underwriter**—None.

★ Southern California Edison Co. (8/25)
Aug. 4 filed $50,000,000 of first and refunding mortgage bonds, series K, due 1983. **Proceeds** — To retire bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; First Boston Corp., and Dean Witter & Co. (jointly); Blyth & Co., Inc. **Bids**—Expected to be received on Aug. 25.

Standard Oil Co. (Calif.)
June 4 filed $150,000,000 of sinking fund debentures due July 1, 1983. **Price**—To be supplied by amendment. **Proceeds**—To refinance a bank obligation of $50,000,000 due this year to provide additional capital for the company's overall program. **Underwriters**—Blyth & Co., Inc., and Dean Witter & Co., both of San Francisco, Calif., and New York, N. Y. **Offering**—Postponed from June 25 by the company "due to market conditions." Issue to remain in registration.

★ Standard Oil Co. (New Jersey) (8/19)
July 31 filed 11,406,078 shares of capital stock (par $7) to be offered in exchange for Humble Oil & Refining Co. capital stock at rate of five Standard Oil shares for each four Humble Oil shares. The offer is expected to remain open until Oct. 14, 1958. **Exchange Agent**—Morgan Stanley & Co., New York.

State Life, Health & Accident Insurance Co.
July 9 (letter of notification) 50,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—To be invested in stocks and bonds and to acquire other life insurance companies. **Address**—P. O. Box 678, Gulfport, Miss. **Underwriter**—Gates, Carter & Co., Gulfport, Miss.

Strategic Minerals Corp. of America, Dallas, Tex
March 31 filed $2,000,000 of first lien mortgage 6% bonds and 975,000 shares of common stock (par 10 cents). **Price**—For bonds, 95% of principal amount; and for stock $2 per share. **Proceeds**—To erect and operate one or more chemical processing plants using the Bruce - Williams Process to beneficiate manganese ores. **Underwriter**—Southwest Shares, Inc., Austin, Texas.

Sugarbush Valley Corp., Warren, Vt.
June 25 filed $392,800 of 20-year 6% subordinate income debentures due May 1, 1978, and 12,766 shares of common stock (par $1) to be offered in units consisting of $800 principal amount of debentures and 26 shares of stock. **Price**—$1,200 per unit. **Proceeds**—For payment of short-term bank loan and working capital. **Underwriter**—None.

Tax Exempt Bond Fund, Inc., Washington, D. C.
June 20, 1957 filed 40,000 shares of common stock. **Price**—$25 per share. **Proceeds**—For investment. **Underwriter**—Equitable Securities Corp., Nashville, Tenn. **Offering**—Held up pending passing of necessary legislation by Congress.

Tennessee Gas Transmission Co.
June 2 filed 1,084,054 shares of common stock (par $5) being offered in exchange for common stock of Middle States Petroleum Corp. at the rate of 45 shares of Tennessee Gas common for each 100 shares of Middle States common. The exchange offer is assured as over 80% of Middle States common stock has been deposited. The offer expires Aug. 8. **Dealer-Manager**—Dillon, Read & Co., Inc., New York.

Texas Calgary Co., Abilene, Texas
April 30 filed 2,000,000 shares of capital stock (par 25 cents). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholder. **Underwriter**—Thomson Kernaghan & Co., Ltd., Toronto, Canada. To be offered in Canada only.

Thomas Paint Products Co.
May 26 (letter of notification) 1,250 shares of common stock (par $10) and $37,500 of 6% serial subordinated debentures series 1958, to be offered in units of one share of stock and $50 principal amount of debentures to be offered to stockholders on the basis of one unit for each two shares of stock owned (500 of the shares are being offered to the President of the company). **Price**—$60 per unit. **Proceeds**—For working capital. **Office**—543 Whitehall St., S. W., Atlanta, Ga. **Underwriter**—None.

Timeplan Finance Corp.
March 25 (letter of notification) 27,272 shares of 70-cent cumulative preferred stock (par $5) and 27,272 shares of common stock (par 10 cents) to be offered in units of one share to each class of stock. **Price**—$11 per unit **Proceeds** — For working capital. **Office** — 111 E. Main St., Morristown, Tenn. **Underwriter**—Valley Securities Corp., Morristown, Tenn

Tip Top Oil & Gas Co., Salt Lake City, Utah
April 15 filed 220,000 shares of common stock, of which 200,000 shares are to be publicly offered. **Price**—$5 per share. **Proceeds**—To drill two new wells and for general corporate purposes. **Underwriter** — Andersen-Randolph & Co., Inc., Salt Lake City, Utah.

Trans-America Uranium Mining Corp.
Nov. 6, 1957 filed 3,000,000 shares of common stock (par one mill). **Price**—25 cents per share. **Proceeds**—For land acquisition, exploratory work, working capital, reserves and other corporate purposes. **Underwriter**—None. Alfred E. Owens of Waterloo, Ia., is President.

Trans-Cuba Oil Co., Havana, Cuba
March 28 filed 6,000,000 shares of common stock (par 50 cents) being offered for subscription by holders of outstanding shares of capital stock and holders of bearer shares, in the ratio of one additional share for each share so held or represented by bearer shares of record May 28, 1958; rights to expire on Aug. 1, 1958. **Price** — 50c per share. **Proceeds**—For general corporate purposes including exploration and drilling expenses and capital expenditures. **Underwriter**—None.

Trans-Eastern Petroleum Inc.
Feb. 27 (letter of notification) 7,500 shares of common stock (par $1) to be offered pro-rata to stockholders on the basis of one new share for 10 shares owned. **Price**—$4 per share. **Proceeds**—For drilling for oil and gas **Office**—203 N. Main Street, Coudersport, Pa. **Underwriter**—None.

★ Triton Corp., Newark, N. J.
Aug. 1 filed $1,600,000 of 5% debentures due 1973, 4,000 shares of 6% preferred stock (par $100) and 48,000 shares of common stock (par $1) to be offered in units of $8,000 of debentures, 20 shares of preferred stock and 240 shares of common stock. **Price**—$10,240 per unit. **Proceeds**—To acquire, own and operate interests in producing oil and gas properties. **Underwriter**—None. Timothy H. Dunn is President.

Twentieth Century Investors, Inc., Kansas City, Mo.
June 20 filed 2,000,000 shares of common stock (par $1). **Price**—At market. **Proceeds**—For investment. **Underwriter**—Stowers & Co., Kansas City, Mo.

Twentieth Century Investors Plan, Kansas City, Mo.
June 20 filed $10,000,000 of plans for the accumulation of shares of Twentieth Century Investors, Inc. **Price**—At market. **Proceeds** — For investment. **Underwriter**—Stowers & Co., Kansas City, Mo.

United Asbestos Corp., Ltd., Montreal, Canada
July 29 filed 225,000 shares of capital stock (par $1) to be issued upon exercise of options exercisable at $4 per share. **Proceeds**—To pay outstanding liabilities, to increase working capital and for general corporate purposes. **Underwriter**—None.

United Employees Insurance Co.
April 16 filed 2,000,000 shares of common stock (par $5). **Price** — $10 per share. **Proceeds** — For acquisition of operating properties, real and/or personal, including office furniture, fixtures, equipment and office space, by lease or purchase. **Office** — Wilmington, Del. **Underwriter**—None. Myrl L. McKee of Portland, Ore., is President.

United States Sulphur Corp.
Oct. 8 filed 1,500,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For plant rental, etc.; to retire corporate notes; for core drilling; for working capital; and for other exploration and development work **Office** — Houston, Texas. **Underwriter** — None. Statement effective June 23.

United States Telemail Service, Inc.
Feb. 17 filed 375,000 shares of common stock (par $1). **Price**—$4 per share. **Proceeds**—To purchase equipment and supplies and for working capital and other corporate purposes. **Office**—Salt Lake City, Utah. **Underwriter**—Amos Treat & Co., Inc., of New York.

★ Universal-Cyclops Steel Corp. (8/26)
Aug. 5 filed $22,500,000 of sinking fund debentures due Sept. 1, 1978. **Price**—To be supplied by amendment. **Proceeds**—To repay $10,300,000 of bank loans and for construction program. **Underwriter**—A. G. Becker & Co., Inc., Chicago, Ill., and New York, N. Y.

Universal Oil Recovery Corp., Chicago, Ill.
June 4 filed 37,500 shares of class A common stock. **Price**—$4 per share. **Proceeds**—For exploration and development of properties, and the balance for other corporate purposes. **Underwriter**—None.

Uranium Corp. of America, Portland, Ore.
April 30, 1957 filed 1,250,000 shares of common stock (par 16 cents). **Price**—To be supplied by amendment (expected to be $1 per share). **Proceeds**—For exploration purposes. **Underwriter**—To be named by amendment. Graham Albert Griswold of Portland, Ore., is President.

Utah Minerals Co.
April 11 (letter of notification) 900,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Office**—305 Main St., Park City, Utah. **Underwriter**—Walter Sondrup & Co., Salt Lake City, Utah.

Utah Oil Co. of New York, Inc.
May 6 (letter of notification) 300,000 shares of capital stock. **Price** — At par ($1 per share). **Proceeds** — For development of oil and gas lands. **Office**—574 Jefferson Ave., Rochester 11, N. Y. **Underwriter**—Frank P. Hunt & Co., Inc., Rochester, N. Y.

Utah Power & Light Co. (8/11)
June 26 filed $20,000,000 of first mortgage bonds due 1988. **Proceeds**—To redeem $15,000,000 of first mortgage bonds, 5¼% series due 1987, to repay $4,000,000 of bank borrowings, and the balance together with further borrowings under a bank agreement and cash generated in the business will be used to carry forward the construction program of the company and its subsidiaries amounting to approximately $43,000,000 for the period 1958-1960. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp. and Blyth & Co. Inc. (jointly); White, Weld & Co. and Stone & Webster Securities Corp. (jointly); Salomon Brothers & Hutzler; Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co., and Smith, Barney & Co. (jointly); Lehman Brothers and Bear, Stearns & Co. (jointly). **Bids**—Expected to be received in Room 2033, 2 Rector Street, New York, N. Y., up to noon (EDT) on Aug. 11, 1958.

★ Varo Manufacturing Co., Inc.
July 28 (letter of notification) 15,000 shares of capital stock (par $5). **Price**—$6.90 per share. **Proceeds**—For working capital. **Office**—2201 Walnut Street, Garland, Texas. **Underwriter**—None.

★ Warren Christmas Trees, Inc.
July 29 (letter of notification) 210,900 shares of capital stock. **Price**—At par ($1 per share). **Proceeds**—To purchase additional equipment and for operating expenses. **Office** — 120 South Rancho Avenue, San Bernardino, Calif. **Underwriter**—None.

★ Washington Investment Plans, Inc.
July 30 filed $20,000,000 of plans for the accumulation of shares of Washington Mutual Investors Fund, Inc. **Office**—Washington, D. C.

Western Carolina Telephone Co., Weaverville, N. Car.
June 6 filed 89,391 shares of common stock to be offered for subscription by holders of outstanding common stock at the rate of one new share for each three shares held. The record date is to be supplied by amendment. **Price**—At par ($5 per share). **Proceeds**—To be applied to the payment of $700,000 of short-term bank loans incurred in carrying forward the company's construction and conversion program. **Underwriter**—None.

Western Industrial Shares, Inc., Denver, Colo.
July 16 filed 1,000,000 shares of common stock (par 25 cents). **Price**—$5 per share. **Proceeds**—For investment. **Underwriter** — Andersen, Randolph & Co., Inc., 65 So. Main St., Salt Lake City, Utah.

Western Pacific Mining Co., Inc.
May 26 filed 564,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For capital expenditures and exploration costs. **Office**—Santa Paula, Calif. **Underwriter**—None.

Westland Oil Co., Minot, N. Dak.
April 17 filed 7,799 shares of capital stock to be offered for subscription by stockholders of record March 24 at rate of one new share for each four shares held and one additional share for the balance of such holdings in excess of the number of shares divisible by four; also to be offered holders of outstanding 5% subordinated debentures of record March 24 at rate of five shares for each $1,000 of debentures then held. **Price** — $60 per share. **Proceeds**—For working capital. **Underwriter**—None.

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Willer Color Television System, Inc.
April 2 (letter of notification) 72,035 shares of common stock (par $1) of which 10,000 are to be offered to stockholders at $2 per share and the remaining 62,035 shares are to be publicly offered at $3 each. **Proceeds** — For general corporate purposes. **Office**—151 Adell Avenue, Yonkers, N. Y. **Underwriter** — Edwin Jefferson, 39 Broadway, New York 6, N. Y.

Prospective Offerings

American-South African Investment Co.
June 13 filed for permission to become registered as an investment company of the closed-end type under the Investment Company Act of 1940. **Business**—The trust, incorporated under the laws of the Union of Africa, has been organized to provide a medium for investment in the common shares of companies engaged in business in South Africa, with particular emphasis on those engaged in mining gold. The trust may also invest to a certain extent in gold bullion. **Underwriter**—Dillon, Read & Co. Inc., New York.

Austria (Republic of)
July 15 it was announced that the country contemplates the issuance and sale of $30,000,000 bonds. **Proceeds**—For electric power projects and other improvements. **Underwriter**—May be Kuhn, Loeb & Co., New York. **Offering**—Expected in October or early November.

★ **Basic, Inc., Cleveland, O.**
Aug. 2 it was announced stockholders on Aug. 28 will vote upon a refinancing program intended to replace present mortgage debt and preferred stock with a new note and two new issues of preferred stock, to provide about $3,325,000 of new money with which to complete plant improvements under way since early this year, retire bank loans that had been made to finance the improvements, and provide additional working capital. **Underwriter**—Hallgarten & Co., New York, handled last preferred stock financing.

California Electric Power Co.
July 14 it was announced company contemplates marketing between $5,000,000 and $7,000,000 securities in October, 1958. Neither the exact date of the offering nor the nature of the securities to be offered has been determined. Decision on these two points will probably not be reached until mid-August or early September.

Central Hadley Corp.
The shareholders of the company at a special meeting held on June 25, approved an amendment to the certificate of incorporation authorizing an issue of 200,000 shares of 5% cumulative convertible preferred stock (par $10). Convertible into common stock at the rate of $2.86 per share. **Proceeds**—To retire outstanding notes of a subsidiary in the amount of $768,000.

Central Louisiana Electric Co., Inc.
March 28 it was announced that the company's financing program for the year 1958 anticipates the sale of both debt and equity securities (probably preferred stock) aggregating approximately $5,000,000. Both issues may be placed privately.

Cincinnati & Suburban Bell Telephone Co. (10/21)
July 7 it was announced that the directors have authorized the sale of not exceeding $25,000,000 debentures having a maturity of not more than 35 years. **Proceeds**—To repay advances received from American Telephone & Telegraph Co. which owns 29% of the outstanding common stock of the company. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Glore, Forgan & Co. and Eastman Dillon Union Securities & Co. (jointly). **Bids**—Expected to be received on or about Oct. 21.

Consumers Power Co. (9/23)
July 17 it was announced that the company plans to issue and sell not more than $40,000,000 of first mtge. bonds due 1988. **Proceeds**—For expansion and improvement of service facilities. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; White, Weld & Co. and Shields & Co. (jointly); The First Boston Corp. and Harriman Ripley & Co. Inc. (jointly). **Bids**—To be received on Sept. 23.

Consumers Power Co. (9/23)
July 17 it was announced that the company plans to issue and sell not more than 200,000 shares of pfd. stock. **Proceeds**—For expansion and improvement of service facilities. **Underwriter**—May be determined by competitive bidding. Probable bidders: Morgan Stanley & Co.; The First Boston Corp. and Harriman Ripley & Co. (jointly); White, Weld & Co. and Shields & Co. (jointly). **Bids**—Expected to be received on Sept. 23.

Equitable Gas Co.
July 18 it was announced that the company expects later in the year to issue and sell additional securities, probably preferred stock, to secure approximately $5,000,000 of additional funds. **Proceeds**—Together with $7,000,000 from private sale of 4½% bonds, to repay short-term bank loans and for construction program. **Underwriters**—May be The First Boston Corp.; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Smith; and White, Weld & Co., all of New York.

Gas Service Co.
March 24 it was reported that company plans to issue $11,000,000 of first mortgage bonds later this year. No decision as yet has been made as to the procedure the company will follow. **Proceeds**—For repayment of short-term notes and loans and for construction program. **Underwriter** — If determined by competitive bidding, probable bidders may be Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith, and White, Weld & Co. (jointly); Blyth & Co., Inc.; The First Boston Corp.; Lehman Brothers.

Grace Line Inc.
Company plans to issue approximately $18,000,000 of government insured bonds secured by first preferred ship mortgages on the new "Santa Rosa" and "Santa Paula." The financing will comprise two issues of $9,000,000 each. **Underwriters**—Merrill Lynch, Pierce, Fenner and Smith; Paine, Webber, Jackson & Curtis; Smith, Barney & Co.; White, Weld & Co.; and F. Eberstadt & Co., all of New York. **Offerings**—"Santa Rosa" offering expected in August; and "Santa Paula" offering later in year.

Great Atlantic & Pacific Tea Co.
Feb. 19 it was reported a secondary offering of common voting stock is expected in near future. **Underwriters**—May include: Blyth & Co., Inc.; Carl M. Loeb, Rhoades & Co.; Hemphill, Noyes & Co.; Smith, Barney & Co.; and Merrill Lynch, Pierce, Fenner & Smith.

Gulf Interstate Co.
June 5 it was announced company (formerly known as Gulf Interstate Oil Co.) intends to obtain a minimum of $2,000,000 and a maximum of $5,000,000 via an offering of new shares of common stock to stockholders in August or September. **Proceeds** — For working capital.

Gulf States Utilities Co. (9/15)
July 28 it was announced that the company plans to issue and sell $17,000,000 of first mortgage bonds due 1988. **Proceeds** — Will be used to retire its presently outstanding $17,000,000 issue of 4⅞% bonds due 1987. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Smith and White Weld & Co. (jointly); Stone & Webster Securities Corp.; and Salomon Bros. & Hutzler and Eastman Dillon, Union Securities & Co. **Bids**—Expected to be received on Sept. 15.

Hackensack Water Co.
March 12, George H. Buck, President, said that company plans to sell some $7,000,000 in new securities by the end of this year in the form of first mortgage bonds and preferred stock. Recent bond financing was made privately. In event of competitive bidding for bonds or debentures, bidders may include: Halsey, Stuart & Co Inc.; The First Boston Corp. and White, Weld & Co (jointly); Stone & Webster Securities Corp.; Blyth & Co., Inc.; Drexel & Co. and Dean Witter & Co. (jointly) The First Boston Corp. and White, Weld & Co. (jointly) underwrote last common stock financing. There is no preferred stock presently outstanding. Private sale of 30,000 shares ($3,000,000) of preferred is planned.

Kansas Power & Light Co.
Feb. 14 it was announced company plans to issue and sell $10,000,000 of first mortgage bonds due 1988. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Glore, Forgan & Co.; Harriman Ripley & Co. Inc.; White, Weld & Co.; Blyth & Co., Inc.; Equitable Securities Corp.

Kentucky Utilities Co.
June 16 company stated it will sell bonds and/or common stock in the last quarter of 1958. **Underwriters**—Blyth & Co., Inc. and J. J. B. Hilliard & Son.

Keystone Tax-Exempt Bond Fund
July 14 it was announced that this proposed fund will be a continuation of the present Keystone Custodian Fund, Series B-1. **Underwriter**—Lehman Brothers, New York.

Laboratory for Electronics, Inc.
July 3, Henry W. Harding, President, announced that the directors are currently considering refinancing $790,000 of outstanding notes ($658,750 held by a principal stockholder and $131,250 by a bank) on a more permanent basis. This may be done through equity or convertible debenture financing. **Office**—75 Pitts St., Boston, Mass.

Master Fund, Inc., Fairfield, Calif.
Jan. 27 it was announced this newly organized investment company plans to offer to bona fide residents of California 10,000 shares of capital stock (par $1). **Price**—$10 per share, less an underwriting discount of 8½%. **Proceeds**—For investment.

Midland Enterprises, Inc.
March 28, company announced it plans to issue on or before Dec. 31, 1958 $3,200,000 of first preferred mortgage bonds. May be placed privately. **Proceeds** — To repay bank loans and for working capital.

★ **Missouri Pacific RR. (8/14)**
Bids are expected to be received by this company on Aug. 14 for the purchase from it of about $4,275,000 equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Montana-Dakota Utilities Co.
March 24 it was announced the company plans to issue and sell an undetermined amount of first mortgage bonds in the latter part of this year or in early 1959. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; Merrill Lynch, Pierce, Fenner & Smith and Kidder, Peabody & Co., Inc., (jointly); and Blair & Co., Inc.

Moore-McCormack Lines, Inc.
March 24 it was announced company plans to issue and sell $24,000,000 of government insured bonds secured by a first preferred ship mortgage on the liners S. S. Brasil and S. S. Argentina. **Underwriters**—Kuhn, Loeb & Co. and Lehman Brothers, both of New York. **Offering**—Expected this Summer.

Mountain State Tele. & Tele. Co. (9/30)
July 29 it was announced company plans to offer to its stockholders of record Sept. 26, 1958 the rigths to subscribe on or before Oct. 24, 1958 for 700,961 additional shares of capital stock on the basis of one new share for each five shares held. American Telephone & Telegraph Co., the parent, owns over 80% of the 3,504,809 outstanding shares. **Price** — At par ($100 per share). **Proceeds**—To repay temporary loans made to finance the company's expansion program. **Underwriter**—None.

★ **National Fuel Gas Co. (10/1)**
Aug. 4 it was reported company plans to issue and sell $25,000,000 of 25-year sinking fund debentures. **Proceeds**—To refund $15,000,000 outstanding 5½% sinking fund debentures and to repay bank loans. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co. and Stone & Webster Securities Corp. (jointly); White, Weld & Co.; Harriman Ripley & Co. Inc. **Bids**—Expected to be received up to 11:30 a.m. (EDT) on Oct. 1.

New York State Electric and Gas Co.
March 7 it was announced that approximately $7,500,000 from additional financing will be required for construction expenditures for the balance of this year. The management intends to negotiate a new line of credit with a group of banks and expects to sell equity securities later this year or in early 1959, depending upon prevailing market conditions. **Underwriter**—For any common stock: The First Boston Corp., New York.

● **Norfolk & Western Ry. (8/20)**
Bids are expected to be received by the company up to noon (EST) on Aug. 20 for the purchase from it of $2,310,000 of series D equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Pacific Automation Products, Inc.
July 28 it was reported that the company plans early registration of about 125,000 shares of common stock. **Underwriter** — William R. Staats & Co., Los Angeles, Calif. **Offering**—Expected around Sept. 15.

Pacific Gas & Electric Co.
March 20 it was reported company plans sale of an undetermined amount of bonds and/or preferred stock in the latter part of this year or early 1959. **Underwriter**—(1) For bonds to be determined by competitive bidding. Probable bidders: The First Boston Corp.; Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; (2) For preferred stock: Blyth & Co., Inc.

● **Pacific Telephone & Telegraph Co.**
July 31 it was reported company plans about $250,000,000 of financing late this year (part in bonds and balance in common stock). **Proceeds**—for construction program. **Underwriter**—For bonds to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.

Panama (Republic of)
July 14 it was announced a public offering is expected of approximately $26,000,000 external bonds. **Proceeds**—To redeem certain outstanding debt and for Panama's feeder road program. **Underwriter**—Lehman Brothers, New York.

★ **Peoples Gas Light & Coke Co.**
Aug. 1 the directors approved a program for the offering of approximately $17,000,000 of additional capital stock to stockholders later this year. **Underwriter**—None.

★ **Public Service Co. of Indiana, Inc.**
July 30 company applied to the Indiana P. S. Commission for authority to issue and sell 242,826 shares of new series of convertible preferred stock (par $100) to be offered for subscription by common stockholders on the basis of one new preferred share for each 20 common shares held. **Proceeds**—To reduce bank loans. **Underwriter**—Blyth & Co., Inc., New York and San Francisco. **Offering**—Expected about the middle of September.

St. Joseph Light & Power Co.
April 15 it was announced that the company plans to market $6,500,000 in bonds or preferred stock "sometime this summer." The stockholders on May 21 voted on authorizing an increase in bonded indebtedness of $6,500,000, and an increase in preferred stock from 25,000 shares to 50,000 shares. **Proceeds** — For repayment of short-term bank loans and for construction program. **Underwriter**—For bonds to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Smith, Barney & Co., Glore, Forgan & Co. and Blair & Co. Inc. (jointly); White, Weld & Co.; Equitable Securities Corp. Last preferred financing was done privately.

★ **Sanborn Scientific Instrument Co. (Mass.)**
Aug. 4 it was reported company plans to issue and sell 100,000 additional shares of common stock, of which it is intended to offer 17,000 shares in exchange for outstanding preferred stock. **Underwriter**—Paine, Webber, Jackson & Curtis, Boston, Mass. **Offering**—Expected in October, 1958.

★ **Sears, Roebuck & Co.**
Aug. 5, Charles H. Kellstadt, President, announced that the company will issue and sell $350,000,000 long-term debentures. **Proceeds**—To expand retail and mail order activities and to retain a larger portion of the company's accounts receivable. **Underwriters**—Goldman, Sachs & Co., Halsey, Stuart & Co. Inc. and Lehman Brothers, all of New York. **Offering**—Expected in September.

● **South Carolina Electric & Gas Co. (9/10)**
Aug. 4 it was reported company now plans to issue and sell $10,000,000 of first mortgage bonds due 1988. **Proceeds**—For construction program. **Underwriter**—May be determined by competitive bidding. Probable bidders:

Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co.; The First Boston Corp. and Lehman Brothers (jointly).

Southwestern Bell Telephone Co. (9/30)
July 10 it was announced Missouri Public Service Commission authorized the company to issue $110,000,000 of 35-year debentures. **Proceeds** — To refund outstanding issue. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.

Standard Oil Co. (Indiana)
July 30 it was announced company has under consideration long-term financing through a public offering of approximately $200,000,000 of debentures. **Proceeds**—Probably for expansion, working capital and other corporate purposes. **Underwriter** — Morgan Stanley & Co., New York. **Offering**—Expected in the early Fall.

★ Stevens Markets, Inc., Miami, Fla.
July 31 it was reported that company plans registration today (July 7) of about $1,000,000 convertible preferred stock. **Underwriter**—R. S. Dickson & Co., Inc., Charlotte, N. C.

● Thiokol Chemical Co.
Aug. 4, J. W. Crosby, President, announced company is planning to offer to its common stockholders some additional common stock (approximately 105,488 shares) at the rate of one new share for each 12 shares held, probably this fall. Long-term financing is also being considered. **Underwriter**—Kidder, Peabody & Co., New York.

Union Electric Co., St. Louis, Mo.
March 28 it was announced company plans to market about $30,000,000 of common stock in the latter part of this year or in the first quarter of 1959. **Proceeds**—For construction program.

Venezuela (Government of)
July 1 the Government announced that Kuhn, Loeb & Co. and Kidder, Peabody & Co., both of New York, have been selected as financial advisors to develop a financial program for the country. As a first step in the program a short-term credit is being negotiated between the government in cooperation with the two investment banking firms and a syndicate of commercial banks in the United States, Canada and the United Kingdom. The three institutions which are to head this syndicate are The Chase Manhattan Bank, The First National City Bank of New York, and Bank of America National Trust & Savings Association. The Chase Manhattan Bank will be the fiscal agent for the credit. The amount of the new financing involved is in the neighborhood of $250,000,000. The purpose is to restore government balances which have been reduced by the repayment of excessive short term obligations previously incurred.

Wisconsin Power & Light Co.
March 17 it was announced that company plans to issue and sell $10,000,000 of first mortgage bonds. **Proceeds**—To retire bank loans and for construction program. **Underwriter** — To be determined by competitive bidding Probable bidders: Halsey, Stuart & Co. Inc.; Smith, Barney & Co. and Robert W. Baird & Co., Inc. (jointly); Equitable Securities Corp. and Eastman Dillon, Union Securities & Co. (jointly); White, Weld & Co., Kidder, Peabody & Co. and Salomon Bros. & Hutzler (jointly); The First Boston Corp. **Offering**—Not expected until late in 1958 or early in 1959.

Wisconsin Public Service Corp.
March 4 it was announced company plans to sell about $12,500,000 of new securities in the last half of the current year. The type of securities has not yet been decided on. **Underwriter**—To be determined by competitive bidding. Probable bidders: (1) For any bonds—Halsey, Stuart & Co. Inc.; White Weld & Co.; The First Boston Corp.; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Smith; Eastman Dillon, Union Securities & Co. and Salomon Bros. & Hutzler (jointly); Kuhn, Loeb & Co., and American Securities Corp (jointly). (2) For any preferred stock—Merrill Lynch, Pierce, Fenner & Smith; Salomon Bros. & Hutzler and Eastman Dillon, Union Securities & Co., (jointly); Lehman Brothers; Kuhn, Loeb & Co. and A. C. Allyn & Co Inc. (jointly); The First Boston Corp.; White, Weld & Co.; Kidder, Peabody & Co.

Wizard Boats of Tennessee, Inc.
July 28 it was reported that the company plans an offering of 150,000 shares of common stock and 75,000 warrants, which are expected in units of one common share and one-half warrant. **Price**—$2 per unit. **Underwriters**—Clark, Landstreet & Kirkpatrick, Inc. and W. N. Estes & Co., both of Nashville, Tenn.

Laird Bissell Adds

(Special to THE FINANCIAL CHRONICLE)

NEW HAVEN, Conn.—David R. Bennett has been added to the staff of Laird, Bissell & Meeds, 44 Whitney Avenue.

With E. T. Andress

(Special to THE FINANCIAL CHRONICLE)

WEST HARTFORD, Conn.—Jacob Bornstein is now affiliated with E. T. Andrews & Co., 1000 Farmington Avenue.

DIVIDEND NOTICE

Cities Service COMPANY

Dividend Notice

CITIES SERVICE

The Board of Directors of Cities Service Company has declared a quarterly dividend of sixty cents ($.60) per share on its Common stock, payable September 8, 1958, to stockholders of record at the close of business August 15, 1958.

ERLE G. CHRISTIAN, *Secretary*

DIVIDEND NOTICES

FLINTKOTE PROTECTION

THE FLINTKOTE COMPANY

New York 20, N. Y.

QUARTERLY DIVIDENDS

have been declared as follows:

Common Stock*

sixty cents ($.60) per share

$4 Cumulative Preferred Stock

one dollar ($1) per share

Both dividends are payable September 15, 1958 to stockholders of record at the close of business August 21, 1958.

WILLIAM FEICK, JR.
Vice-President and Treasurer

August 6, 1958.

*120th consecutive dividend

CANCO AMERICAN CAN COMPANY

PREFERRED STOCK

On July 29, 1958 a quarterly dividend of one and three-quarters per cent was declared on the Preferred Stock of this Company, payable October 1, 1958 to Stockholders of record at the close of business September 12, 1958. Transfer books will remain open. Checks will be mailed.

JOHN R. HENRY, *Secretary*

AMERICAN CEMENT CORPORATION

DIVIDEND NOTICE

The Board of Directors has this day declared a quarterly dividend of 25¢ per share on the Common Stock, payable October 1, 1958, to shareholders of record September 12, 1958.

J. H. ASMANN
Vice President & Treasurer

August 6, 1958

Allied Chemical Corporation

DIVIDEND

Quarterly dividend No. 150 of $.75 per share has been declared on the Common Stock, payable September 10, 1958, to stockholders of record August 15, 1958.

RICHARD F. HANSEN
Secretary

July 29, 1958

Allied Chemical

Continuous Cash Dividends Have Been Paid Since Organization in 1920

DIVIDEND NOTICES

The Singer Manufacturing Company

The Board of Directors has declared a quarterly dividend of fifty-five cents per share payable on September 12, 1958 to stockholders of record at the close of business on August 15, 1958.

D. H. ALEXANDER, Secretary

July 30, 1958.

DREWRYS

A quarterly dividend of forty (40) cents per share for the third quarter of 1958 has been declared on the common stock, payable September 10, 1958 to stockholders of record at the close of business on August 22, 1958.

Drewrys Limited U. S. A. Inc.
South Bend, Indiana

T. B. JEANNERET,
Secretary and Treasurer

Harbison-Walker Refractories Company

Board of Directors has declared for quarter ending September 30, 1958 DIVIDEND of ONE and ONE-HALF (1½%) PER CENT or $1.30 per share on PREFERRED STOCK, payable October 20, 1958 to shareholders of record October 6, 1958.

Also declared a DIVIDEND of $.45 per share on COMMON STOCK, payable September 2, 1958 to shareholders of record August 11, 1958.

G. F. Cronmiller, Jr.
Vice President and Secretary

Pittsburgh, July 31, 1958

pf PACIFIC FINANCE CORPORATION

DIVIDEND NOTICE

A regular quarterly dividend of 60 cents per share on the common stock ($10 par value), payable September 2, 1958, to stockholders of record August 15, 1958, was declared by the Board of Directors on July 30, 1958.

B. C. Reynolds
B. C. REYNOLDS, *Secretary*

NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA.

147th DIVIDEND DECLARATION

The Board of Directors of this company today declared a cash dividend of Fifty Cents (50¢) a share on the capital stock. This cash dividend will be paid September 24, 1958 to stockholders of record at the close of business August 28, 1958.

A K Hatfield
Treasurer

August 5, 1958.

DIVIDEND NOTICES

Esso

STANDARD OIL COMPANY
(INCORPORATED IN NEW JERSEY)

The Board of Directors has declared a

Cash Dividend on the capital stock of 55 cents per share on July 31, 1958. This dividend is payable on September 10, 1958, to stockholders of record at the close of business on August 11, 1958.

30 Rockefeller Plaza, New York 20, N. Y.

SEABOARD FINANCE COMPANY

COMMON STOCK DIVIDEND

94th Consecutive Quarterly Payment

The Board of Directors of Seaboard Finance Company declared a regular quarterly dividend of 25 cents a share on Common Stock, payable October 10, 1958, to stockholders of record September 18, 1958.

PREFERRED STOCK DIVIDEND

The directors also declared regular quarterly dividends of $1.18¾ on the $4.75 Sinking Fund Preferred Stock. $1.25 on the $5.00 Sinking Fund Preferred Stock. $1.25 on the $5.00 Convertible Preferred Stock, Series A & B, all payable October 10, 1958, to stockholders of record September 18, 1958.

EDWARD L. JOHNSON,
July 24, 1958 *Secretary*

PHELPS DODGE CORPORATION

The Board of Directors has declared a third-quarter dividend of Seventy-five Cents (75¢) per share on the capital stock of this Corporation, payable September 10, 1958 to stockholders of record August 15, 1958.

M. W. URQUHART,
Treasurer.

July 30, 1958

YALE & TOWNE

Declares 282nd Dividend

37½¢ a Share

On July 31, 1958, dividend No. 282 of thirty-seven and one-half cents per share was declared by the Board of Directors out of past earnings, payable on October 1, 1958, to stockholders of record at the close of business September 10, 1958.

Wm. H. MATHERS
Vice-President and Secretary

THE YALE & TOWNE MFG. CO.

Cash dividends paid in every year since 1899

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C. — The center of journalism in Washington, recognized today as the news capital of the world, is the 14-story National Press Building with 1,003 offices. Nearly 300 of these offices are occupied by newsmen and women. They not only represent every section of the United States, but such foreign cities as London, Tokyo, Moscow, Paris, Madrid, Manchester, Sydney and numerous others.

Elsewhere in the city there are many other people engaged in the news gathering field, because there are approximately 1,100 people engaged in Washington journalism. The journalism field in Washington has grown tremendously since President Calvin Coolidge laid the cornerstone of the National Press Building in 1927.

However, some real storm signals have risen on the horizon. The demise of newspapers as the result of ever rising production and operating costs has a lot of people worried.

On the 13th floor of the Press Building is the 50-year-old National Press Club with the longest bar between here and Havana. The club, of course, is operated entirely separate from the building corporation. Along this bar for weeks now there have been deep expressions of regret, over the merger of International News Service, which had been losing money, with United Press. Many able INS people lost their jobs, but fortunately both private industry and the Federal Government quickly absorbed most of them that were unable to land with United Press International.

More recently newsmen extended condolences to Douglas M. Allen, Washington correspondent of the Cincinnati "Times-Star," and one of the 649 employees affected by its merger. The 118-year-old newspaper, with which the famed Taft family was so long identified, was sold to the E. W. Scripps Company, parent corporation of the Scripps-Howard Newspapers. It was merged with the Cincinnati "Post." The "Times-Star" had been losing money since 1952, and during the past fiscal year alone had dropped more than $1,000,000.

The New Orleans "Item"

A week before Cincinnati became a one newspaper company controlled city (Scripps also owns a majority of the stock of the morning Cincinnati "Enquirer"), the plight of the New Orleans "Item" came to light. J. David Stern, 3rd, whose father published the defunct Philadelphia "Ledger," was chairman of the board of the "Item." Mr. Stern had long been looking for a buyer. Finally he offered its assets to the Times-Picayune Publishing Company, publisher of the 121-year-old influential morning "Times-Picayune," and also publisher of an afternoon newspaper, the "New Orleans States."

While assets of the "Item" were sold to the "Times-Picayune" for $3,400,000, the first person, firm or corporation who wants to buy the "Item," can do so before Sept. 15, 1958, by paying the Publishing Company $3,400,000, plus any expense incurred. Twice before the recent sale The Times-Picayune Publishing Company turned down proposals to buy the "Item." Publisher John F. Tims has said flatly: "In the past we have welcomed competition. It is obvious from our offer to resell the "Item" that we still welcome competition."

"The Vanishing Dailies"

All of these facts were laid before the Department of Justice in advance of the unique sale of the "Item." "Editor and Publisher," the publishers' and advertisers' newspaper, recently said the latest count showed there were 142 United States cities where both morning and evening newspapers were under single ownership. It said that New Orleans, which before World War II had four daily newspapers, takes its place as No. 1,365 on the list of cities and towns without a competing newspaper.

To further point up the vanishing dailies, the authoritative periodical could have pointed out that if the New Orleans "Item" is merged with the "New Orleans States," there will be only one other city East of the Mississippi River and South of the Potomac that has more than two daily newspapers. That city would be Jackson, Miss., with three dailies. None of the other cities like Louisville, Richmond, Atlanta, Miami, Memphis, Birmingham, Nashville, have more than two dailies. Of course, numerous other large cities like St. Louis, Milwaukee, Dallas, Kansas City, Buffalo, Denver, Minneapolis have but two daily newspapers of general circulation, where years ago there were three or four and five dailies.

There is something sad and tragic about the demise of a newspaper, daily, weekly or monthly. Unlike any other corporate organization, a newspaper represents the character of the people who devote their efforts and talents to its publication. It is sad to see so many people lose their jobs, many of whom have been loyal and faithful to the publication for many years.

Large Overhead

The Department of Justice says its anti-trust division has no authority and is not interested in trying to do anything about newspaper mergers where one newspaper is losing money. Of course the same principle applies to other types of business, be it a shoe or dress factory or a cement plant. The Justice Department, as well as the Supreme Court of the United States, realizes that radio and television stations, which can operate so much cheaper than newspapers, are competitors in the field of advertising. The overhead of newspapers is far greater.

Thousands of stockholders, who buy their newspaper stocks "over the counter," should be able to earn a little higher dividend rate than the average stock, because of the series of economic risks. Some of them no doubt do get a higher rate from their publishing company stocks than from their more even-keel companies.

Incidentally, many people in Washington were surprised several months ago when the distinguished New York Times Company disclosed its yearly net earnings amounted to a little in excess of $3,000,000, and only about half of it came from the newspaper. The other came from the company's paper mill operations.

These recent mergers and the projected merger at New Orleans in the communications field have been a little more spectacular than the average business consolidation. Actually, similar consolidations in a smaller way are intermittently taking place. Many thousands of stockholders in newspaper companies apparently are being affected by the rising costs which some newspapers have been unable to pass along.

Not a "Dying Industry"

However, newspapers, daily and weekly, are far from being a dying industry. On the contrary, newspaper readership is growing. Circulation is at an all-time high. Newsprint production appears likely to expand substantially in the future. Newspapers are generally much improved today over what they were in the yesteryear. The advertising columns are "newsy" because they have a message for the readership.

It could be that the answer to the daily newspaper publishing field plight is for more and more of them to merge into single ownership or at least be published from a single plant. Time will tell. It stands to reason that production costs will be less where publications of two newspapers—morning and evening — is done under the same roof.

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]

BUSINESS BUZZ

"It's not easy to goof off around here—the boss used to be in the submarine service!"

Business Man's Bookshelf

College Women Go to Work: Report on Women Graduates, Class of 1956—U. S. Department of Labor, 341 Ninth Avenue, New York 1, N. Y., 30¢.

Freeman, August 1958 — Containing articles on Value Judgments in the Classroom; Government Sets a Pattern; Readjustment Without Inflation; European Economic Integration, etc. — Foundation for Economic Education, Inc., Irvington-on-Hudson, N. Y., 50¢.

Fringe Benefits 1957—Chamber of Commerce of the United States, Economic Research Department, Washington 6, D. C. (paper), $1.00 (quantity prices on request).

Growth Patter: The Dynamic Los Angeles Metropolitan Area—Robert R. Dickson—Union Bank, Los Angeles, Calif. (paper).

How to Mark Goods for a Profit—Chilton Company, 56th and Chestnut Streets, Philadelphia 39, Pa., $1.25.

Japan's Economy Today — Brochure—Boni, Watkins, Jason & Co., Inc., 37 Wall Street, New York 5, N. Y.

Motor Truck Facts 1958 Edition—Automobile Manufacturers Association, New Center Building, Detroit 2, Mich. (paper).

Pick's Currency Yearbook 1958 Edition—Franz Pick—Pick Publishing Corporation, 75 West Street, New York 6, N. Y. (cloth), $37.50.

Problem of National Security: Some Economic and Administrative Aspects—Committee for Economic Development, 711 Fifth Avenue, New York 22, N. Y. (paper), 50¢.

Statistics of Paper 1957—American Paper and Pulp Association, 122 East 42nd Street, New York 17, N. Y. (paper), $10.00

World Is Mine — A fantastic history of finance and speculation through the ages—Clayton Rand and Robert Smitley—Fleet Publishing Corporation, Grand Central Terminal, New York 17, N. Y. (cloth), $4.95.

Continued from page 8

Downtown to Mark "Salute to the V. F. W."

Foreign Wars, the New York Stock Exchange has completed arrangements for conducting V.F.W. delegates and their families on a guided tour of the Exchange. A colored movie will be shown to the delegates by the Exchange.

In connection with his announcement, Commander Murphy stated:

"Wall Street Post 310, V.F.W. consists of men who have served our nation overseas. Many of our members are active in the securities field and we have long sought an opportunity to demonstrate to our comrades across the country that Wall Street is primarily a facility enabling the people of America to participate voluntarily in the processes of free enterprise.

"The 58th Annual Convention of the V.F.W., which will be held in New York City this year, provides a splendid opportunity to show the veterans the extent of the financial community's interest in their affairs. Through the cooperation of the Downtown-Lower Manhattan Association, the New York Stock Exchange and numerous leaders in every phase of downtown activities, we can promise that the 'Salute to the V.F.W.' will mark a memorable feature of the V.F.W. Convention.

"We hope that our many friends in Wall Street will be able to attend the band concert and ceremony of welcome."

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